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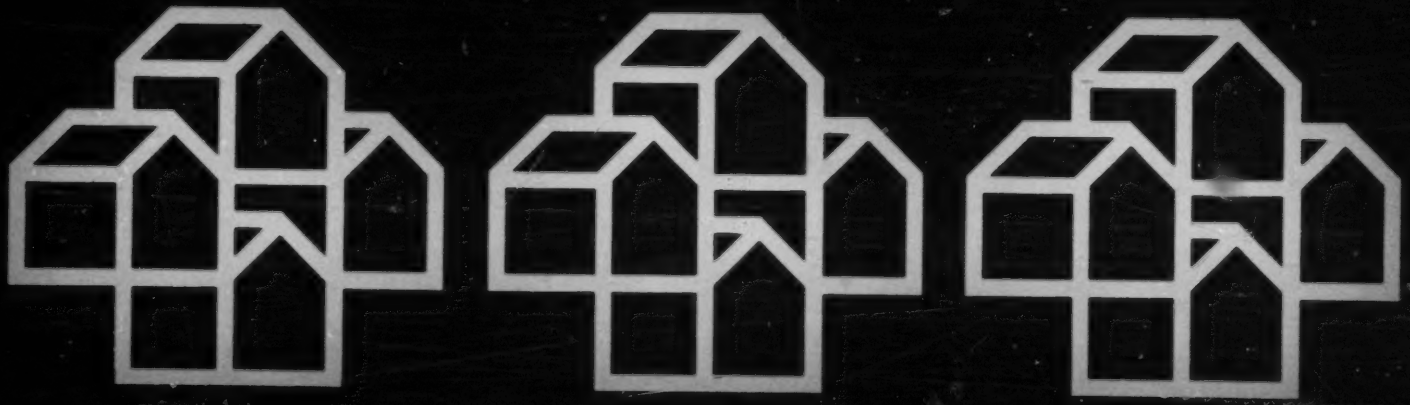
LOANS CLOSED AND SERVICING VOLUME

for the Mortgage Banking Industry



PREFACE

This edition of Loans Closed and Servicing Volume, which reports on mortgage banker origination and servicing activity in 1987, is based on an annual sample survey of the members of the Mortgage Bankers Association of America. The data are statistically expanded to produce estimates for the entire industry.

Led by rising real net exports and increases in both business fixed investment and inventory investment, the economy expanded for the fifth consecutive year in 1987. However, this continued growth was accompanied by rising prices and higher interest rates. The prolonged decline in interest rates that began in the summer of 1984 finally came to an end in late March 1987. At that time contract rates on fixed-rate mortgages had dipped to a low of about 9 percent. For the rest of the year interest rates generally followed an upward trend, and by December, mortgage rates were approaching the 11 percent level.

Despite the rise in mortgage rates, 1987 was another exceptionally strong origination year for the mortgage lending industry. Total one-to four-unit lending volume was once again close to $450 billion. In the multifamily market, origination volume was essentially unchanged, rising 1 percent to $52 billion, while in the nonresidential sector, lending activity increased 12 percent to $180 billion.

The absence of change in one-to four-unit origination volume from 1986 to 1987 masks some significant shifts in the pattern of growth and the types of loans borrowers chose over this two year period. During 1986, with mortgage rates declining, lending activity grew stronger as the year progressed. In 1987, however, one-to four-unit origination volume peaked in the spring, when mortgage rates were at their trough, and then moved downward for the rest of the year. The driving force behind this pattern of originations was the trend in refinancings, which reached their peak in early 1987, at almost half of total origination volume, and then slowed to more normal levels as the year came to a close.

In addition to slowing the refinancing boom, the rise in interest rates also caused a massive shift in borrower preferences, away from fixed-rate mortgages toward those with adjustable rates. In 1987, there was nearly a 50 percent jump in the volume of one- to four-unit loans closed with adjustable rates, and for the year, ARM originations equalled $162 1/2 billion. In contrast, there was a 12 percent drop, to $294 billion, in the volume of one- to four-unit fixed-rate loans closed. Within this market, FHA/VA lending fell by 9 percent to $77 billion, and conventional lending declined by 13 percent, to $217 billion.

As was true for the mortgage lending industry as a whole, mortgage bankers had another extremely high volume origination year in 1987. In the one- to four-unit market, lending volume fell by only 3 percent to $117 billion. However, with total one-to four-unit lending activity rising by 3 percent, this small decline meant that the mortgage bankers' share of this market fell by 1 1/2 percentage points to 25 1/2 percent.

Within the one-to four-unit market, the increased emphasis placed on ARM production by mortgage bankers caused their conventional lending volume to rise by 20 percent to $61 billion. In turn, this increase pushed their share of the conventional market up by 2 percentage points to 16 percent, and meant that conventional loans represented more than one-half of all one-to four-unit originations by mortgage bankers. However, in a surprising development, mortgage bankers lost ground in the government-backed loan market. Combined FHA/VA lending by mortgage bankers fell by 20 percent to $56 billion. Since these declines were much larger than the industry average, the mortgage bankers' share of the government-backed market fell quite sharply in 1987. For the year, mortgage companies controlled only 73 percent of the FHA/VA market, about 10 percentage points less than they did in 1986. While mortgage bankers still remained the preeminent lenders in the government-backed market, this is the lowest share they have held since 1976.

In the income property area, mortgage banker multifamily origination volume increased, while their nonresidential lending volume declined in 1987. Despite the well publicized problems associated with tax reform and high vacancy rates, multifamily lending by mortgage bankers rose by 6 percent to $9 1/2 billion. As a result of this increase, the share of the multifamily market controlled by mortgage bankers rose by 1 percentage point to 18 percent. In contrast, in the nonresidential market, origination volume fell by 18 percent to $14 billion. This decline resulted in a 3 percentage point fall in market share, to 8 percent.

Whereas lending volume slowed in 1987, mortgage bankers' servicing portfolios continued to grow, although not quite as rapidly as in recent years. In 1987, the dollar volume of mortgages serviced by mortgage bankers rose by 15 percent to $780 billion. This compares to an average rate of growth of 20 percent for the previous five year period, 1982 - 1986. One-to four-unit servicing by mortgage bankers rose by 18 percent to $637 billion, with the bulk of the increase in the conventional loan category. Multifamily servicing increased by 28 percent to $72 billion. In a somewhat unusual development, nonresidential servicing by mortgage bankers actually fell by 11 percent to $71 billion. This is the first decline in mortgage banker servicing of nonresidential loans since 1983.

This report should be of interest to mortgage banking companies as well as others involved in real estate finance. We appreciate the cooperation of all the firms that contributed their time and effort to the survey.

This report was prepared by the Economics Department under the supervision of Lyle E. Gramley, Senior Staff Vice President and Chief Economist. The analysis was developed and written by Robert M. Rosenblatt, Economist. The data which form the basis for this report were collected by Ms. Laura Gorman, Surveys Supervisor, under the general direction of Mr. Richard Freeman, Associate Director for Survey Development, with the assistance of Ms. Shirley Davis, Senior Survey Analyst and Mr. Carlos Davila, Survey Analyst. Systems and computer program support were provided by Mr. Richard Freeman and Mr. Richard Murray, Programmer/Analyst. Ms. Dianne Shearin also contributed to the preparation of this document.

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MORTGAGE FINANCE

INTRODUCTION

The economy experienced its fifth consecutive year of expansion in 1987, with the main sources of strength coming from rising real net exports and increases in both business fixed investment and inventory investment. From the fourth quarter of 1986 to the fourth quarter of 1987, real GNP increased by 5 percent, exceeding by a wide margin the 2 percent growth rate of the previous 12 months, as well as the economy's estimated long-term potential growth rate of about 2 1/2 percent.

The strength of the economy brought an end to the prolonged decline in interest rates that began in the summer of 1984. In late March 1987, contract rates on fixed-rate mortgages had dipped to a low of about 9 percent. This was the first time fixed-rate mortgage rates had fallen into the single digit range since 1978. However, during April and May, in a rather chaotic two month period for the credit markets, mortgage rates jumped by about 1 1/2 - 2 percentage points. Interest rates did flatten temporarily in early summer. However, as the economy picked up steam, interest rates began to move upward once again. By mid-October, rates on fixed-rate mortgages approached the 11 1/4 percent level. After the stock market crash, interest rates did retreat somewhat, but by the end of the year, mortgage rates were still nearly 10 3/4 percent.

While the single-family housing sector was not a stimulant to economic growth in 1987, it also was not a deterrent. In fact, this segment of the housing market proved to be rather resilient in the face of rising interest rates. For instance, 1.21 million one-to four-unit homes were started in 1987, just 4 percent below the 1986 pace, and 3.53 million existing single-family homes were sold, only 1 percent below the previous year's level. In addition, during the first part of the year, loan refinancings remained at an extremely high level. The principal drag on growth in the housing sector came from the multifamily area. Multifamily starts, plagued by the twin problems of high vacancy rates and tax changes, declined by 25 percent during the year. Nonresidential construction recorded a modest rise in 1987.

In spite of the weakness in the multifamily area, 1987 was, overall, another exceptionally strong origination year for the mortgage lending industry. For the year, total long-term mortgage originations amounted to $689 billion, an increase of 5 percent over the 1986 lending level of $657 billion, which was the previous all-time high. Lending volume in the one-to four-unit market (i.e. single-family) rose by about 3 percent to $456 1/2 billion, with all of the increase occurring in conventional loans, specifically, those with adjustable rates. In the multifamily market, origination volume was essentially unchanged, rising 1 percent to $52 billion, while in the nonresidential sector, lending activity increased 12 percent to $180 billion.

ONE- TO FOUR-UNIT MARKET

The absence of change in one-to four-unit origination volume from 1986 to 1987 masked some significant shifts in the pattern of growth and the types of loans borrowers chose over this two year period. During 1986, with mortgage rates declining, lending activity grew stronger as the year progressed. In 1987, however, one-to four-unit origination volume peaked in the spring, when mortgage rates were at their trough, and then moved downward for the rest of the year. The driving force behind this pattern of originations was the trend in refinancings, which reached their peak in early 1987, and then slowed to more normal levels as the year came to a close.

The volume of refinancings was, as usual, determined by the movement of interest rates. Mortgage rates in the spring of 1987 were 4 1/2 percentage points below their peaks in mid-1984. As a rule of thumb, a two to three percentage point contract rate differential is needed to make refinancing financially worthwhile for a homeowner. Thus, the drop in rates that occurred over this three year time span was large enough to cause many homeowners who held high interest rate mortgages that were originated in the early 1980's, to enter the refinancing market. Our estimates suggest that from the latter half of 1986 to the spring of 1987, refinancing activity probably represented nearly one-half of total one-to four-unit origination volume. However, by mid-1987, as interest rates began to rise once again, refinancing volume fell off sharply. During the second half of 1987, refinancings accounted for only about 25-30 percent of total originations. For all of 1987, refinancings represented 35 percent of the total.

In addition to slowing the refinancing boom, the rise in interest rates in the second half of 1987 also prompted a significant shift in the types of loans that were originated. In a falling interest rate environment, adjustable rate mortgages (ARMs) tend to decline in popularity, while fixed-rate mortgages (FRMs) usually become the borrower's loan of choice. However, when interest rates begin to rise, which they did in 1987, the use of ARMs usually increases markedly. More specifically, this turn to ARMs was precipitated by the fact that initial rates on these kinds of loans remained in the single-digit range throughout the year, while rates on fixed-rate loans did not, and because the spread between ARMs and FRMs more than doubled, going from about 1 1/2 percentage points in March to about 3 percentage points in September. Moreover, lenders encouraged this shift by introducing the convertibility feature, which gives the borrower the option of converting their adjustable rate loans to fixed rate loans at a substantially lower cost than a traditional refinancing. These factors, combined with increased standardization and acceptance of adjustable rate mortgages, pushed the share of conventional loans closed with adjustable rates from 27 percent in the first quarter of 1987 to 64 percent in the fourth quarter. The borrowers' switch to ARMs is one of the major reasons housing maintained a healthy level of activity in 1987, even as interest rates rose.

In 1987, there was nearly a 50 percent jump in the volume of one-to four-unit loans closed with adjustable rates. For the year as a whole, there were an estimated $162 1/2 billion ARM originations. This compares with $111 billion in 1986. In contrast, there was a 12 percent drop in the volume of one-to four-unit fixed-rate loans closed. In 1987, fixed-rate origination volume equalled $294 billion, while in 1986 it amounted to $333 billion. Within the fixed-rate market, FHA/VA lending fell by 9 percent from $84 billion in 1986 to $77 billion in 1987, and conventional lending declined by 13 percent to $217 billion.

Turning to the individual lender groups active in the one-to four-unit market, it seems that despite a surge in ARM originations, both mortgage companies and savings and loans recorded slight declines in lending volume. At mortgage companies, origination volume fell by 3 percent to $117 billion, and at savings and loans it dipped by 1 percent to $174 billion. On the other hand, both commercial banks and mutual savings banks increased their involvement in the one- to four-unit market in 1987. Commercial banks, flush with investable funds, increased their origination volume by 15 percent to a record $124 1/2 billion. Mutual savings banks experienced a 10 percent increase in lending activity in 1987, and for the year, their origination volume rose to $34 billion.

Thus, while this shift to ARMs was beneficial to the mortgage lending industry as a whole, it had a detrimental effect on the mortgage banking industry's share of the single family market. From the first quarter of 1986 to the first quarter of 1987, with interest rates falling and fixed-rate mortgages increasing in popularity, mortgage bankers' share of the single-family market steadily increased. But, with the upturn in interest rates and the ensuing tilt toward ARMs, this trend was reversed. In 1987, mortgage bankers' share of this market declined by 1 1/2 percentage points to 25 1/2 percent.

Due to their increased emphasis on ARMs production, mortgage bankers' share of the conventional market did rise by 2 percentage points, to 16 percent. However, in a surprising development, mortgage bankers lost ground in the FHA/VA market. In the shrinking government-backed market, mortgage bankers' origination volume declined by much more than the industry average. As a result, from 1986 to 1987 their share of this market fell by 10 1/2 percentage points to 73 percent.

It should also be noted that despite a 37 percent jump in ARM originations, the savings and loan industry's share of the conventional loan market declined by nearly 4 percentage points to 44 percent. While their share of the FHA/VA market did rise, it was not enough to offset the losses in the conventional market. As a result, in 1987, their share of the total one-to four-unit market, while still the largest, fell by 1 1/2 percentage points to 38 percent. This is the third consecutive year that the savings and loan industry's market share has declined, and it is now at its lowest level since 1982.

Commercial banks were the major beneficiary of the market share declines by these two lender groups. In addition to a large increase in conventional origination volume during 1987, commercial banks also recorded a significant rise in FHA/VA lending activity. Together these increases resulted in a 3 percentage point jump in total market share for commercial banks. For the year, their share of the single-family market equalled 27 percent. In turn, this surge in lending activity enabled commercial banks to become the number two lender in the one-to four-unit market, passing mortgage bankers for the first time since 1982.

1987: ONE- TO FOUR-UNIT ORIGINATIONS

	Dollar Volume (000,000)	Percent Change From 1986	Market Share (%)	Percentage Point Change From 1986
Savings and Loans	$173,822	(1.3)	38.1	(1.5)
Commercial Banks	124,551	14.7	27.3	2.9
Mortgage Companies	117,044	(3.3)	25.6	(1.6)
Mutual Savings Banks	34,232	10.0	7.5	0.5
Life Insurance Companies	3,209	(15.9)	0.7	(0.2)
Federal Credit Agencies	2,890	8.0	0.6	0.0
All Other	747	(34.6)	0.2	(0.1)
Total	456,495	2.7	100.0	---

INCOME PROPERTY MARKET

The income property market had a more mixed response to the extreme volatility of mortgage interest rates during 1987. The multifamily sector continued the decline that began in 1986, while the nonresidential sector recorded a modest advance.

Multifamily starts fell by about 25 percent in 1987, to an annual rate of 409 thousand units. This drop was not unexpected however, given the passage of the Tax Reform Act of 1986, which clearly reduced the tax-related advantages of this type of investment. However, prevailing conditions in local markets also influenced this outcome. For instance, in the Northeast, where rental vacancy rates were at an acceptable level, multifamily starts were unchanged in 1987. In contrast, in the South and West, where rental vacancy rates remained at historically high levels, multifamily starts declined sharply.

As noted, activity in the nonresidential market increased moderately in 1987. The value of nonresidential construction put in place rose by 4 percent from the fourth quarter of 1986 to the fourth quarter of 1987. In addition, construction contracts for commercial and industrial buildings, measured in millions of square feet of floor space, also rose about 4 percent over the same period. This increase in nonresidential construction stems partly from a revival of industrial construction in 1987, but it also reflects the rise in retail construction activity. The latter, in turn, is a response to the growth in single-family housing construction over the past few years.

In spite of the underlying softness in multifamily construction, 1987 turned out to be a reasonably good lending year for the income property market. For the year, origination volume rose by 9 percent to a record $232 billion. As expected, most of the increase was concentrated in the nonresidential sector, but multifamily lending volume rose slightly as well. Specifically, multifamily originations increased by 1 percent to $52 billion, while in the nonresidential market, lending volume rose by 12 per-

cent to $180 billion. The increases in both sectors reflect originations of new properties and loan refinancings, particularly during the first part of the year. But, it may also be due to the turnover of the existing stock of income properties.

MULTIFAMILY SECTOR

In the multifamily market, higher origination volumes were recorded by several of the major lender groups. The largest percentage increase in 1987 was by mutual savings banks, where origination volume rose by 65 percent to $5 billion. Commercial banks raised their multifamily origination volume by 15 1/2 percent to $8 billion, in a continuation of their recent trend of increased involvement in residential lending. Origination volume at mortgage companies also rose, but by a smaller 6 percent to $9 1/2 billion. The one major lender group to record a decline in multifamily lending volume was savings and loans, where origination volume fell by 11 percent to $18 billion. This is the first decline in multifamily lending activity for the savings and loan industry since 1981. It should be noted that the $7 billion in multifamily originations in the "All Other" category, which is quite a significant amount, is due almost entirely to originations by state and local credit agencies.

In terms of market share, the outright drop in lending volume at savings and loans, combined with the increased market penetration by the other three major lender groups caused the savings and loan industry's share of the multifamily market to decline by about 4 1/2 percentage points to 34 percent. Despite this fall, savings and loans still remain firmly entrenched as the dominant lender in the multifamily market. However, three other major lender groups -- mutual savings banks, commercial banks, and mortgage companies -- did increase their share of the multifamily market in 1987, primarily at the expense of savings and loans. The largest beneficiary was mutual savings banks, whose market share rose by 3 1/2 percentage points to 9 percent. The share of the multifamily market held by commercial banks rose by 2 percentage points to 16 percent. This jump enabled commercial banks to become the third largest lender in the multifamily market. Mortgage companies increased their market share by 1 percentage point to 18 1/2 percent, and thus remained the number two lender in this market.

1987: MULTIFAMILY ORIGINATIONS

	Dollar Volume (000,000)	Percent Change From 1986 (%)	Market Share (%)	Percentage Point Change From 1986
Savings and Loans	$17,719	(10.9)	34.0	(4.4)
Mortgage Companies	9,580	6.0	18.4	0.9
Commercial Banks	8,299	15.6	15.9	2.0
Mutual Savings Banks	4,773	65.0	9.2	3.6
Life Insurance Companies	3,547	(4.7)	6.8	(0.4)
Federal Credit Agencies	1,120	(35.6)	2.1	(1.3)
All Other	7,114	(2.4)	13.6	(0.5)
Total	52,152	0.8	100.0	---

NONRESIDENTIAL SECTOR

In the nonresidential market, origination volume increased by 12 percent, or from $161 billion in 1986 to $180 billion in 1987. Commercial banks, more so than ever before, dominated this market in 1987. For the year, this lender group increased their origination volume by 32 percent, to $110 1/2 billion. This surge in lending activity allowed commercial banks to increase their share of the nonresidential market by 9 percentage points, or to more than 60 percent of this market. Mutual savings banks also experienced a 32 percent rise in origination volume in 1987. However, because they are small participants in this lending market, this jump translated into only a marginal increase in market share.

Origination volume at the other three major lender groups -- mortgage companies, savings and loans, and life insurance companies -- declined in 1987. As a result, they each controlled a smaller percentage of the nonresidential market in 1987 than they held in 1986. At mortgage companies, nonresidential lending volume declined by 18 percent to $14 billion; at savings and loans it fell by 15 percent to $19 billion; and at life insurance companies, origination volume slipped by 6 percent to $28 billion. These declines translated into approximately a 3 percentage point drop in market share for each of these lender groups. Thus, in 1987, the share of the nonresidential market controlled by mortgage companies was 8 percent, for savings and loans it was 10 1/2 percent, and for life insurance companies it was 15 1/2 percent. Despite all this movement, however, the relative market share positions held by each of the major lender groups within the nonresidential sector remained unchanged in 1987.

1987: NONRESIDENTIAL ORIGINATIONS

	Dollar Volume (000,000)	Percent Change From 1986 (%)	Market Share (%)	Percentage Point Change from 1986
Commercial Banks	$110,490	31.6	61.4	9.1
Life Insurance Companies	28,160	(5.8)	15.6	(3.0)
Savings and Loans	18,817	(15.1)	10.5	(3.3)
Mortgage Companies	14,193	(18.0)	7.9	(2.9)
Mutual Savings Banks	6,796	(32.3)	3.8	0.6
Federal Credit Agencies	478	(0.4)	0.3	0.0
All Other	1,040	(37.7)	0.6	(0.4)
Total	179,974	12.1	100.0	---

MORTGAGE BANKER ACTIVITY

INTRODUCTION

As was true for the mortgage finance industry as a whole, mortgage bankers had another exceptionally high volume origination year in 1987, with total lending volume slipping only a bit from the record setting pace of 1986. For the year, total mortgage banker lending volume declined by 4 1/2 percent to $141 billion. In the one- to four-unit market, origination volume fell by only 3 percent to $117 billion, with all of the decline concentrated in government-backed loans. In the nonresidential market, lending volume declined by 18 percent to $14 billion. In contrast, in the multifamily area mortgage banker origination volume rose by 6 percent to $10 billion.

Whereas lending volume slowed slightly in 1987, mortgage bankers' servicing portfolios continued to grow, although not quite as rapidly as in recent years. In 1987, the dollar volume of mortgages serviced by mortgage bankers rose by 15 percent to $780 1/2 billion. This compares to rates of increase of 19 percent in 1986, and 23 percent in 1985. The growth rate in 1985 was the highest annual rate of increase in the 1980's. One- to four-unit servicing by mortgage companies rose by 18 percent to $637 1/2 billion, with the bulk of the increase in the conventional loan category. Multifamily servicing increased by 28 percent to $72 billion. In a somewhat unusual development, nonresidential servicing by mortgage companies actually fell by 11 percent to $71 billion. This is the first decline in mortgage banker servicing of nonresidential loans since 1983.

However, even though origination volume remained extremely high, and servicing volume continued to grow, 1987 can be characterized as a very difficult year for the mortgage banking industry. In the highly competitive environment that prevailed in 1987, profits fell substantially at most mortgage banking companies. According to the 1987 edition of the Mortgage Bankers Association's Financial Statements and Operating Ratios report, a slight fall in total income combined with a rise in total expenses resulted in a significant decline in the after-tax profit margin at most mortgage companies. In 1987, the average profit margin was about 3 percent, substantially below the figure for 1986, as well as the average for the past five years. Another measure of profitability, the return on equity, fell from nearly 14 percent in 1986 to just above 5 percent in 1987.

LOAN ORIGINATIONS

As noted, mortgage bankers' one- to four-unit origination volume amounted to $117 billion in 1987, only 3 percent below the record setting level of the previous year. However, the sharp increase in mortgage rates that occurred during 1987 caused origination volume to decline as the year progressed, the exact opposite of 1986. In the first quarter of 1987, originations by mortgage bankers were at an annual rate of about $140 billion. By the fourth quarter, this figure had fallen to an annual rate of about $80 billion.

Moreover, this increase in interest rates, which prompted a massive shift in borrower preferences toward ARMs was so pronounced that mortgage companies increased their percentage of conventional loans closed with adjustable rates from 9 percent in the first quarter of 1987 to 51 percent in the fourth quarter. For the year, ARMs accounted for 27 percent of the conventional loans closed by mortgage companies. While this is much lower than the 43 percent industrywide average for all lenders, it is more than double the mortgage bankers' figure of 11 percent for 1986. In dollar volume terms, this increase translated into nearly a 200 percent jump in ARM originations by mortgage bankers, from $6 billion in 1986 to $17 billion in 1987. Moreover, this surge in ARM originations caused total conventional lending by mortgage bankers to increase by 20 percent to $61 billion. In turn, the increase in conventional lending by mortgage bankers pushed their share of this market up by 2 percentage points to 16 percent. Finally, this jump meant that in 1987, conventional loans represented more than half of all one- to four-unit originations by mortgage bankers. In 1986, conventional originations accounted for only 42 percent.

The borrowers' tilt toward adjustable rate loans was also quite evident in the shrinkage of the government-backed loan market. As noted, in 1987, total FHA/VA originations declined by 9 percent to $77 billion. Separately, FHA-insured lending fell by 6 percent of $53 billion, and VA-guaranteed loan originations declined by 14 1/2 percent to $23 billion. For mortgage bankers, the decline was even more pronounced. Combined FHA/VA lending by mortgage bankers fell by 20 percent to $56 billion, and individually, FHA originations declined by 17 1/2 percent to $39 billion, and VA lending fell by 26 percent to $17 billion. Since

1987: MORTGAGE BANKER ACTIVITY

	Origination Volume (000,000)	Percent Change from 1986 (%)	Percent Distribution (%)	Servicing Volume (000,000)	Percent Change from 1986 (%)	Percent Distribution (%)
1-4 Unit	$117,044	(3.3)	83.1	$637,474	17.8	81.7
Multiunit	9,580	6.0	6.8	72,146	27.9	9.2
Nonresidential	14,193	(18.0)	10.1	70,880	(11.2)	9.1
Total	140,817	(4.5)	100.0	780,500	15.2	100.0

these declines were much larger than the industry average, the mortgage bankers' share of the government-backed market fell quite sharply in 1987. For the year, mortgage companies controlled only 73 percent of the FHA/VA market, about 10 percentage points less than they did in 1986. While mortgage bankers still remained the preeminent lenders in the government-backed market, this is the lowest share that the industry has held since 1976.

1987: MORTGAGE BANKERS ONE-TO FOUR-UNIT ORIGINATIONS

	Dollar Volume (000,000)	Percent Change From 1986 (%)	Percent Distribution (%)	Percentage Point Change From 1986
1-4 Unit	$117,044	(3.3)	100.0	---
FHA	39,406	(17.5)	33.7	(5.7)
VA	16,776	(26.2)	14.3	(4.5)
Conventional	60,862	20.2	52.0	10.2

In summary, it appears that the rise in interest rates during the second half of the year, which caused the slowdown in refinancings and the shift to ARMs, had an adverse effect on the mortgage banking industry's share of the one- to four-unit market. Despite the increased standardization of ARMs, there is still not a large volume of mortgage-backed securities issued with ARMs as collateral. Fixed-rate mortgages remain the preferred collateral for mortgage-backed security issuers. Moreover, portfolio lenders, which by their nature do not rely on the secondary market as heavily, further enhanced their competitive position by offering initial "teaser rates" on ARMs that were well below the required secondary market yields for such loans. This aggressive pricing made it very difficult for mortgage bankers to compete effectively for business in a rising interest rate environment. All told, the 3 percent decline in mortgage banker originations combined with the 3 percent rise in total one-to four-unit lending activity meant that the mortgage bankers' share of this market fell by 1 1/2 percentage points to 25 1/2 percent.

Multifamily lending by mortgage bankers increased by 6 percent to $9 1/2 billion. All of the increase was in conventional loans, which rose by 24 1/2 percent. As was the case in the single-family market, this was principally due to the sharp increase in interest rates, which made adjustable-rate mortgages the loan of choice for investors. The surge in conventional lending resulted in a 1 percentage point increase in market share for the mortgage banking industry. For the year, mortgage companies controlled 18 percent of the multifamily market. In the nonresidential market, origination volume fell by 18 percent to $14 billion. With total nonresidential lending paced by commercial banks, rising by 12 percent, this decline resulted in a 3 percentage point fall in market share, to 8 percent.

SOURCES OF FUNDS

The pronounced shift away from fixed-rate loans, and toward adjustable-rate mortgages, can also be seen quite clearly in the mortgage bankers' pattern of loan placement. For instance, in a reversal of 1986, both thrift institutions and commercial banks significantly increased their purchases of mortgage banker originations in 1987. It appears that mortgage bankers found a ready market for their ARM originations with these two lender groups, and given that their ARM originations more than doubled in 1987, this was a welcome development. Specifically, mortgage bankers' sales to thrift institutions rose by 122 percent, to $16 billion, which meant that these institutions purchased nearly 11 1/2 percent of all mortgage banker originations in 1987, 6 1/2 percentage points higher than the previous year. Following their pattern of increased involvement in the residential mortgage lending market, commercial banks almost doubled their purchases from mortgage bankers. For the year, sales to commercial banks amounted to $14 billion, which represented 10 percent of all mortgage banker originations.

In contrast, the significant decline in FHA/VA lending activity by mortgage bankers in 1987 translated into a 22 percent decrease in the volume of originations that mortgage bankers' pooled into Government National Mortgage Association (GNMA) mortgage-backed securities. In 1987, only $33 billion or 24 percent of all

1987: MORTGAGE BANKER ORIGINATIONS BY PURCHASING INVESTOR

	Dollar Volume (000,000)	Percent Change From 1986 (%)	Percent Distribution (%)	Percentage Point Change From 1986
GNMA	$ 33,299	(21.7)	23.6	(5.3)
FNMA	22,261	18.7	15.8	3.1
FHLMC	13,955	(16.0)	9.9	(1.4)
Life Insurance Companies	19,181	(0.1)	13.6	0.6
Thrift Institutions	16,014	121.9	11.4	6.5
Commercial Banks	13,876	94.3	9.9	5.1
State Finance Agencies	2,708	40.4	1.9	0.6
Committed Inventory	4,709	(75.7)	3.3	(9.8)
Uncommitted Inventory	4,165	25.7	3.0	0.8
Others	10,649	(6.2)	7.6	(0.1)
Total	140,817	(4.5)	100.0	---

mortgage banker originations were placed with GNMA, compared to $42 1/2 billion or 29 percent in 1986. The Federal Home Loan Mortgage Corporation (FHLMC) also decreased their purchases from mortgage bankers in 1987. This is the first drop in purchases by FHLMC since 1982 and in that year their purchases were minimal. In 1987, mortgage banker loan sales to FHLMC fell by 16 percent to $14 billion. For the year, this amounted to 10 percent of all mortgage banker originations. A likely explanation for this decline in purchases by FHLMC is the escalation in purchases by thrift institutions and commercial banks. Both these lender groups supplemented their own conventional originations by aggressively pursuing conventional loans originated by mortgage companies, thus leaving very little for FHLMC.

Mortgage banker sales to the Federal National Mortgage Association (FNMA), unlike sales to the other two secondary market agencies, rose in 1987. For the year, sales to FNMA rose by 19 percent to $22 billion. This increase meant that in 1987, sales to FNMA represented 16 percent of all mortgage banker originations, 3 percentage points higher than 1986, and the highest percentage since 1980, when there was no competition from the FHLMC. However, despite the increase by FNMA, the percentage of loans originated by mortgage bankers that were placed in some form -- either sold as an individual whole loan or pooled into an MBS -- with a secondary market agency fell by 3 1/2 percentage points to 49 percent.

MORTGAGE SERVICING

As noted, the servicing portfolios of mortgage bankers rose by 15 percent or $107 billion, in 1987 to $780 1/2 billion. Once again, the bulk of the gain occurred in the single-family residential area. An increase in the dollar volume of multifamily loans serviced also contributed to the growth of the mortgage banker servicing portfolio in 1987. However, mortgage banker servicing of nonresidential loans actually declined for the year.

While 15 percent is a solid rate of growth, it is about 5 percentage points lower than the average rate of growth for the previous five year period, 1982-1986. Moreover, servicing by mortgage bankers as a percent of total mortgage debt outstanding remained flat in 1987, at just above 27 percent. Throughout the 1980's, this figure had been steadily rising by approximately 1 to 2 percentage points per year. Given the financial difficulties many mortgage companies faced in 1987, a probable explanation for this slowdown is that mortgage bankers were selling off servicing rights in order to improve their cash flows and bolster depleted capital positions.

Mortgage banker servicing of one-to four-unit loans rose by 18 percent to $637 1/2 billion. As a result, in 1987, servicing of one-to four-unit mortgages accounted for 82 percent of the total servicing portfolio, 2 percentage points higher than the previous year. Not surprisingly, given the rise in conventional originations in 1987, about 70 percent of the $96 billion increase in single-family servicing was concentrated in conventional loans. For the year, mortgage banker servicing of conventional loans increased by 26 percent to $327 billion. In turn, this surge meant that conventional loans represented over 51 percent of the mortgage bankers single-family servicing portfolio, and that in 1987, mortgage bankers were servicing 21 1/2 percent of all conventional loans outstanding.

In the government-backed loan market, mortgage banker servicing portfolios recorded much more modest increases, and as a result, the percentage of the total portfolio they accounted for was smaller in 1987 than it was in 1986. However, given the decline in government-backed loan originations in 1987, it is a positive development that mortgage banker FHA/VA servicing volume rose at all. Specifically, mortgage banker servicing of FHA loans rose by 13 1/2 percent to $193 billion, and the servicing of VA loans increased by 6 percent to $117 billion. In addition, at the end of 1987, mortgage bankers were servicing almost 87 percent of the outstanding FHA loans and 58 percent of the outstanding VA loans.

In the income property field, mortgage banker servicing of multifamily mortgages rose by 28 percent to $72 billion. About two-thirds of the increase was in the servicing of FHA loans, which rose to $38 1/2 billion. This increase meant that multifamily servicing represented 9 percent of the mortgage bankers servicing portfolio, its highest percentage since 1982. However, in a surprising development, mortgage banker servicing of nonresidential loans declined by 11 percent, falling from $80 billion in 1986 to $71 billion in 1987. This is the first decline in mortgage banker servicing of nonresidential loans since 1983. Furthermore, this fall meant that for the first time in the 1980's nonresidential servicing accounted for less than 10 percent of the total mortgage banking servicing portfolio. Anecdotal evidence suggests that over the past few years, mortgage bankers seem to have established a niche for themselves in the servicing of multifamily loans. However, there also appears to be a trend toward nonresidential lenders servicing their own investments. The 1987 data on income property servicing by mortgage bankers seems to support both these outcomes.

In line with the overall increase in the mortgage bankers' servicing portfolio, the dollar volume of loans serviced for all the major lender groups also rose in 1987. However, due to the differing involvements of key lending institutions within the field of mortgage finance from year to year, the distribution of the mortgages serviced by mortgage bankers continued to shift in 1987. For instance, while servicing for GNMA security holders remained the single largest type of servicing by mortgage bankers, rising by 13 percent to $240 billion, the share of the total servicing portfolio accounted for by GNMA mortgage pools fell slightly, to just below 31 percent. Furthermore, with the servicing for life insurance companies rising by only 3 percent to $80 billion, the proportion of the servicing portfolio represented by this lender group fell by 1 percentage point to 10 percent. This is the second consecutive year that mortgage banker servicing for life insurance companies has declined. Given that life insurance companies are large investors in nonresidential property, these declines are consistent with the view that more and more nonresidential lenders are servicing their own investments.

The percentage of the mortgage bankers' servicing portfolio represented by all the other major lender groups rose in 1987. Commercial banks recorded the largest increase, more than reversing last year's decline. For the year, mortgage banker servicing for

commercial banks rose by 65 percent to $81 billion. As a result, the share of the mortgage bankers' servicing portfolio represented by commercial banks rose by 3 percentage points to 10 percent, which puts it back in line with their trend of the 1980's. Servicing for savings and loans rose by 43 percent to $68 billion, and in 1987 they accounted for 9 percent of the mortgage bankers' servicing portfolio, 1 1/2 percentage points higher than the previous year. In dollar volume terms, servicing for FNMA rose by 25 percent to $114 billion. This increase translated into a 1 percentage point rise, to 14 1/2 percent, in the proportion of the servicing portfolio devoted to FNMA.

1987: MORTGAGE BANKERS' SERVICING BY INVESTOR

	Dollar Volume (000,000)	Percent Change From 1986 (%)	Percent Distribution (%)	Percentage Point Change From 1986
Life Insurance Companies	$ 79.6	2.7	10.2	(1.2)
Commercial Banks	81.2	65.4	10.4	3.4
Savings and Loans	67.9	43.2	8.7	1.5
Mutual Savings Banks	36.7	51.0	4.7	1.1
FNMA	114.0	25.3	14.6	1.2
GNMA	240.4	13.3	30.8	(0.5)
State Finance Agencies	27.3	19.7	3.5	0.1
Others	115.4	(7.2)	14.8	(3.6)
Inv., Serviced Own Acct.	18.0	(37.3)	2.3	(1.9)
Total	780.5	15.2	100.0	---

MORTGAGE BANKER LOANS ORIGINATED AND LOANS SERVICED

One- to Four-Unit Residential Loans:

	Average Size Loan Originated (Dollars)			Percent Change		
Type of Loan	**1987**	**1986**	**1985**	**1987-1986**	**1987-1985**	**1986-1985**
FHA	$58,591	$62,044	$60,918	(5.57)%	(3.82)%	1.85%
VA	71,005	69,193	63,789	2.62	11.31	8.47
Conventional	89,655	81,622	73,211	9.84	22.46	11.49
All Single Family	74,997	70,477	67,533	6.41	11.05	4.36

	Average Size Loan Serviced (Dollars)			Percent Change		
Type of Loan	**1987**	**1986**	**1985**	**1987-1986**	**1987-1985**	**1986-1985**
FHA	$38,730	$36,974	$33,046	4.75 %	17.20 %	11.89 %
VA	37,403	38,744	35,425	(3.46)	5.84	9.37
Conventional	57,478	50,558	47,734	13.69	20.41	5.92
All Single Family	45,602	42,918	39,302	6.25	16.03	9.20

Income Property Loans:

	Average Size Loan Originated (Thousands of Dollars)			Percent Change		
Type of Loan	**1987**	**1986**	**1985**	**1987-1986**	**1987-1985**	**1986-1985**
Multiunit						
FHA	$ 4,333	$ 4,042	$ 1,298	7.20 %	233.82 %	211.40 %
Conventional	1,364	1,118	1,651	22.00	17.38	(32.28)
Nonresidential	1,506	2,771	2,021	(45.65)	(25.48)	37.11

	Average Size Loan Serviced (Thousands of Dollars)			Percent Change		
Type of Loan	**1987**	**1986**	**1985**	**1987-1986**	**1987-1985**	**1986-1985**
Multiunit						
FHA	$ 283	$ 520	$ 1,803	(45.58)%	(84.30)%	(71.16)%
Conventional	744	736	731	1.09	1.78	0.68
Nonresidential	929	895	697	3.80	33.29	28.41

MORTGAGE BANKERS' SHARE OF THE MARKET

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Table 1 **TOTAL MORTGAGE ORIGINATIONS BY INSTITUTION IN 1987**

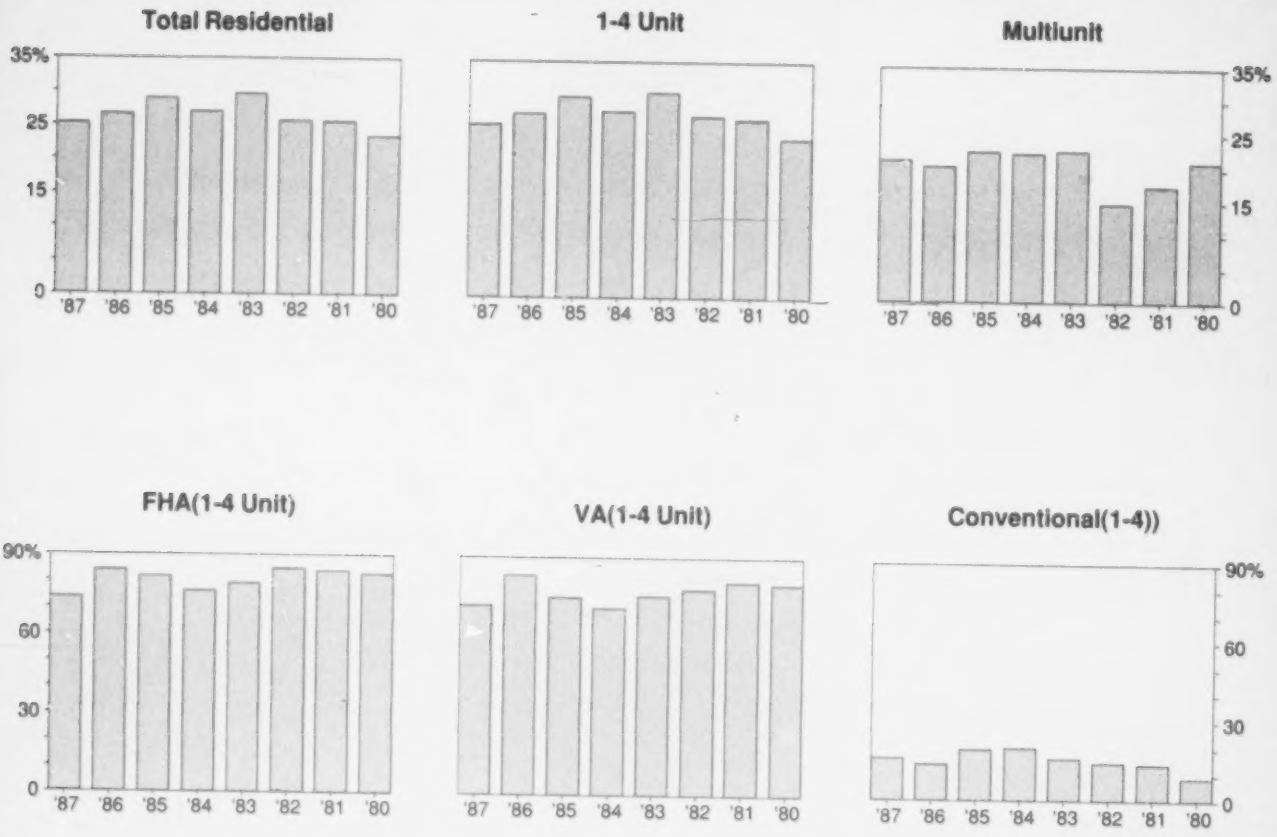
Property Type	Total	Mortgage Companies	Savings & Loans	Commercial Banks	Mutual Savings Banks	Life Insurance Companies	Federal Credit Agencies	All* Other
	(Dollars in Millions)							
Total Residential	**$ 508,647**	**$ 126,624**	**$ 191,541**	**$ 132,850**	**$ 39,005**	**$ 6,756**	**$ 4,010**	**$ 7,861**
1-4 Unit Residential	456,494	117,044	173,822	124,551	34,232	3,209	2,890	747
FHA	53,401	39,406	5,003	8,099	397	359	0	137
VA	23,368	16,776	2,252	4,072	114	124	0	30
Conventional	379,725	60,862	166,567	112,380	33,720	2,726	2,890	580
Multiunit	52,152	9,580	17,719	8,299	4,773	3,547	1,120	7,114
FHA	6,783	1,317	276	9	6	0	0	5,175
Conventional	45,370	8,262	17,443	8,291	4,767	3,547	1,120	1,939
Nonresidential	179,974	14,193	18,817	110,490	6,796	28,160	478	1,040
Total	**$ 688,621**	**$ 140,817**	**$ 210,358**	**$ 243,340**	**$ 45,801**	**$ 34,916**	**$ 4,488**	**$ 8,901**
	(Percentages)							
Total Residential	**100.0%**	**24.9%**	**37.7%**	**26.1%**	**7.7%**	**1.3%**	**0.8%**	**1.5%**
1-4 Unit Residential	100.0	25.6	38.1	27.3	7.5	0.7	0.6	0.2
FHA	100.0	73.8	9.4	15.2	0.7	0.7	0.0	0.3
VA	100.0	71.8	9.6	17.4	0.5	0.5	0.0	0.1
Conventional	100.0	16.0	43.9	29.6	8.9	0.7	0.8	0.2
Multiunit	100.0	18.4	34.0	15.9	9.2	6.8	2.1	13.6
FHA	100.0	19.4	4.1	0.1	0.1	0.0	0.0	76.3
Conventional	100.0	18.2	38.4	18.3	10.5	7.8	2.5	4.3
Nonresidential	100.0	7.9	10.5	61.4	3.8	15.6	0.3	0.6
Total	**100.0%**	**20.4%**	**30.5%**	**35.3%**	**6.7%**	**5.1%**	**0.7%**	**1.3%**

MBA estimates. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

*All Other includes--Pension Funds, Mortgage-Backed Conduits, State & Local Retirement Funds, Mortgage Pools, and State & Local Credit Agencies.

ORIGINATIONS BY MORTGAGE BANKERS' AS A PERCENT OF ORIGINATIONS BY SIX MAJOR LENDING INSTITUTIONS*, 1980-1987

Chart 2



ORIGINATIONS BY MORTGAGE BANKERS' AS A PERCENT OF ORIGINATIONS BY SIX MAJOR LENDING INSTITUTIONS*, 1980-1987

Table 2

Property and Type of Loan	1987	1986	1985	1984	1983	1982	1981	1980
Total Residential	**25.3%**	**26.7%**	**29.0%**	**27.0%**	**29.7%**	**25.7%**	**25.6%**	**23.5%**
1-4 Unit Residential	25.7	27.3	29.8	27.6	30.5	27.0	26.5	23.7
FHA	74.0	84.1	81.6	76.3	79.2	84.6	84.0	82.6
VA	71.9	83.1	75.1	71.2	75.7	78.3	81.2	80.3
Conventional	16.1	14.1	19.7	20.4	16.2	14.6	14.1	8.9
Multiunit	21.3	20.3	22.5	22.3	22.7	14.8	17.4	21.0
Nonresidential	7.9	10.9	12.4	10.7	10.8	9.3	16.9	20.1

*Six institutional mortgage originators are the following: Mortgage Bankers, Savings & Loans, Commercial Banks, Mutual Savings Banks, Life Insurance Companies and Federal Credit Agencies. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

Table 3

TOTAL MORTGAGE ORIGINATIONS BY INSTITUTION 1983-1987
(Dollars in Millions)

Investor and Type of Loan	1987	1986	1985	1984	1983
TOTAL ALL INVESTORS					
1-4 Unit Residential	$456,495	$444,525	$256,279	$215,164	$204,093
Multiunit	52,152	51,731	37,089	33,593	26,299
Nonresidential	179,974	160,602	109,691	83,299	66,463
TOTAL ORIGINATIONS	$688,621	$656,858	$403,059	$332,056	$296,854
MORTGAGE COMPANIES					
1-4 Unit Residential	$117,044	$121,098	$ 76,500	$ 59,047	$ 61,992
Multiunit	9,580	9,035	7,904	6,478	5,424
Nonresidential	14,193	17,312	13,445	8,735	7,117
TOTAL ORIGINATIONS	$140,817	$147,445	$ 97,849	$ 74,260	$ 74,533
SAVINGS AND LOANS					
1-4 Unit Residential	$173,822	$176,073	$109,276	$ 96,187	$ 81,524
Multiunit	17,719	19,877	15,612	13,160	8,521
Nonresidential	18,817	22,168	20,485	20,135	13,837
TOTAL ORIGINATIONS	$210,358	$218,118	$145,373	$129,482	$103,882
COMMERCIAL BANKS					
1-4 Unit Residential	$124,551	$108,613	$ 57,031	$ 41,941	$ 44,830
Multiunit	8,299	7,176	4,498	3,466	3,517
Nonresidential	110,490	83,929	48,430	34,237	28,563
TOTAL ORIGINATIONS	$243,340	$199,718	$109,959	$ 79,644	$ 76,910
MUTUAL SAVINGS BANKS					
1-4 Unit Residential	$ 34,232	$ 31,109	$ 7,477	$ 12,685	$ 10,775
Multiunit	4,773	2,892	870	2,035	1,968
Nonresidential	6,796	5,138	1,310	3,393	1,847
TOTAL ORIGINATIONS	$ 45,801	$ 39,139	$ 9,657	$ 18,113	$ 14,589
LIFE INSURANCE COMPANIES					
1-4 Unit Residential	$ 3,209	$ 3,814	$ 1,306	$ 826	$ 726
Multiunit	3,547	3,723	2,772	1,466	1,597
Nonresidential	28,160	29,906	23,955	14,696	13,616
TOTAL ORIGINATIONS	$ 34,916	$ 37,443	$ 28,033	$ 16,988	$ 15,939
FEDERAL CREDIT AGENCIES					
1-4 Unit Residential	$ 2,890	$ 2,676	$ 3,154	$ 3,223	$ 3,180
Multiunit	1,120	1,739	2,000	2,407	2,837
Nonresidential	478	480	645	668	738
TOTAL ORIGINATIONS	$ 4,488	$ 4,895	$ 5,799	$ 6,298	$ 6,755
ALL OTHER*					
1-4 Unit Residential	$ 747	$ 1,142	$ 1,535	$ 1,255	$ 1,066
Multiunit	7,114	7,289	3,433	4,581	2,435
Nonresidential	1,040	1,669	1,421	1,435	745
TOTAL ORIGINATIONS	$ 8,901	$ 10,100	$ 6,389	$ 7,271	$ 4,246

MBA estimates. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data.

*All Other includes--Pension Funds, Mortgage-Backed Conduits, State & Local Retirement Funds, Mortgage Pools, and State & Local Credit Agencies.

TOTAL MORTGAGE ORIGINATIONS BY INSTITUION 1983-1987
(Percent Change Per Year)

Table 4

Investor and Type of Loan	1987	1986	1985	1984	1983
TOTAL ALL INVESTORS					
1-4 Unit Residential	2.7 %	73.5%	19.1%	5.4 %	123.2%
Multiunit	0.8	39.5	10.4	27.7	116.1
Nonresidential	12.1	46.4	31.7	25.3	92.9
TOTAL ORIGINATIONS	4.8 %	63.0%	21.4%	11.9 %	115.0%
MORTGAGE COMPANIES					
1-4 Unit Residential	(3.3)%	58.3%	29.6%	(4.8)%	153.9%
Multiunit	6.0	14.3	22.0	19.4	241.6
Nonresidential	(18.0)	28.8	53.9	22.7	120.8
TOTAL ORIGINATIONS	(4.5)%	50.7%	31.8%	(0.4)%	155.0%
SAVINGS & LOANS					
1-4 Unit Residential	(1.3)%	61.1%	13.6%	18.0 %	134.4%
Multiunit	(10.9)	27.3	18.6	54.4	168.7
Nonresidential	(15.1)	8.2	1.7	45.5	152.5
TOTAL ORIGINATIONS	(3.6)	50.0%	12.3%	24.6 %	139.2%
COMMERCIAL BANKS					
1-4 Unit Residential	14.7 %	90.4%	36.0%	(6.4)%	92.7%
Multiunit	15.6	59.5	29.8	(1.5)	116.0
Nonresidential	31.6	73.3	41.5	19.9	77.3
TOTAL ORIGINATIONS	21.8 %	81.6%	38.1%	3.6 %	87.6%
MUTUAL SAVINGS BANKS					
1-4 Unit Residential	10.0 %	316.1 %	(41.1)%	17.7 %	169.3 %
Multiunit	65.0	232.4	(57.2)	3.4	250.2
Nonresidential	32.3	292.2	(61.4)	83.7	117.6
TOTAL ORIGINATIONS	17.0 %	305.3 %	(46.7)%	24.3 %	169.6 %
LIFE INSURANCE COMPANIES					
1-4 Unit Residential	(15.9)%	192.0 %	58.1 %	13.8 %	33.5 %
Multiunit	(4.7)	34.3	89.1	(8.2)	264.6
Nonresidential	(5.8)	24.8	63.0	7.9	84.3
TOTAL ORIGINATIONS	(6.7)%	33.6 %	65.0 %	6.6 %	90.5 %
FEDERAL CREDIT AGENCIES					
1-4 Unit Residential	8.0 %	(15.2)%	(2.1)%	(1.4)%	(9.2)%
Multiunit	(35.6)	(13.1)	(16.9)	(15.2)	(15.7)
Nonresidential	(0.4)	(25.6)	(3.4)	(9.5)	155.4
TOTAL ORIGINATIONS	(8.3)%	(15.6)%	(7.9)%	(6.8)%	(5.6)%
ALL OTHER*					
1-4 Unit Residential	(34.6)%	(25.6)%	22.3 %	17.7 %	14.0 %
Multiunit	(2.4)	112.3	(25.1)	88.1	71.5
Nonresidential	(37.7)	17.5	(1.0)	92.6	(32.9)
TOTAL ORIGINATIONS	(11.9)%	58.1 %	(12.1)%	71.2 %	22.5 %

MBA estimates. Source adapted from: U.S. Department of Housing and Urban Development, Annual Report on National Housing Goals and Gross Mortgage Flows Data

*All Other includes--Pension Funds, Mortgage-Backed Conduits, State & Local Retirement Funds, Mortgage Pools, and State & Local Credit Agencies.

MORTGAGE BANKING HISTORICAL TRENDS

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Chart 5

MORTGAGE BANKERS' ORIGINATIONS BY TYPE OF LOAN,1980-1987
(Dollars in Billions)

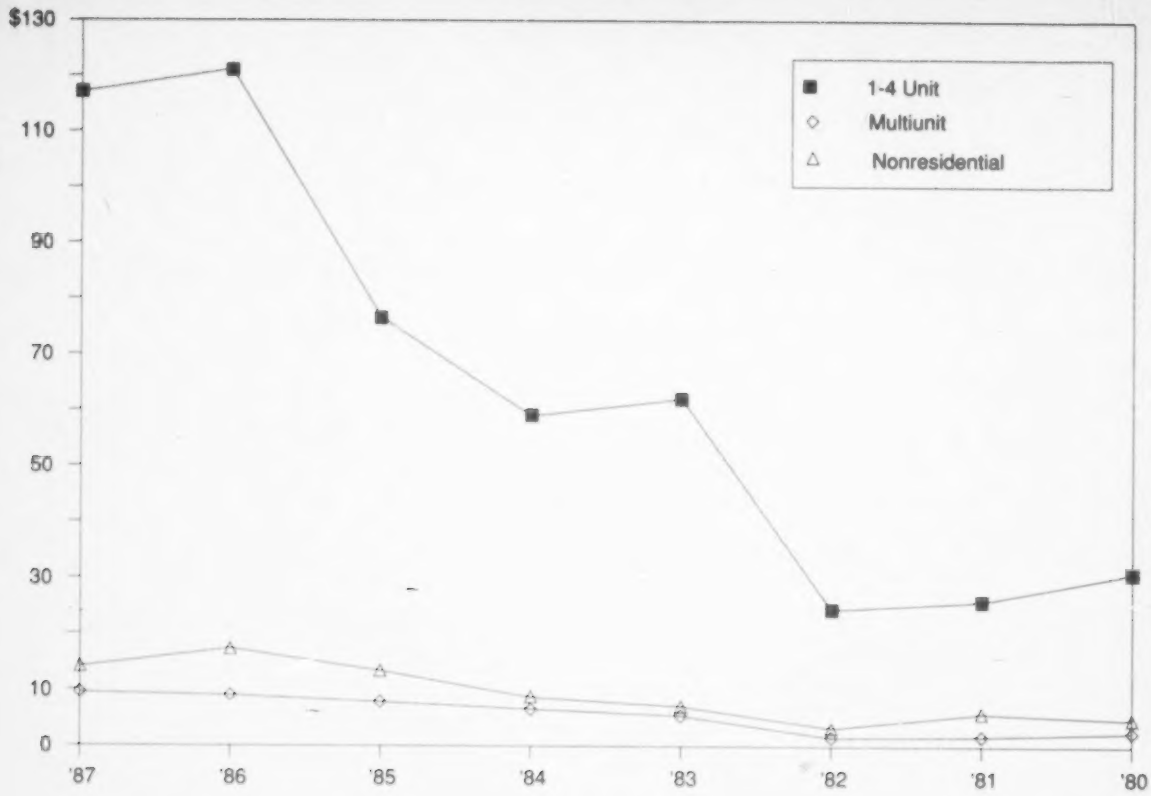


Table 5

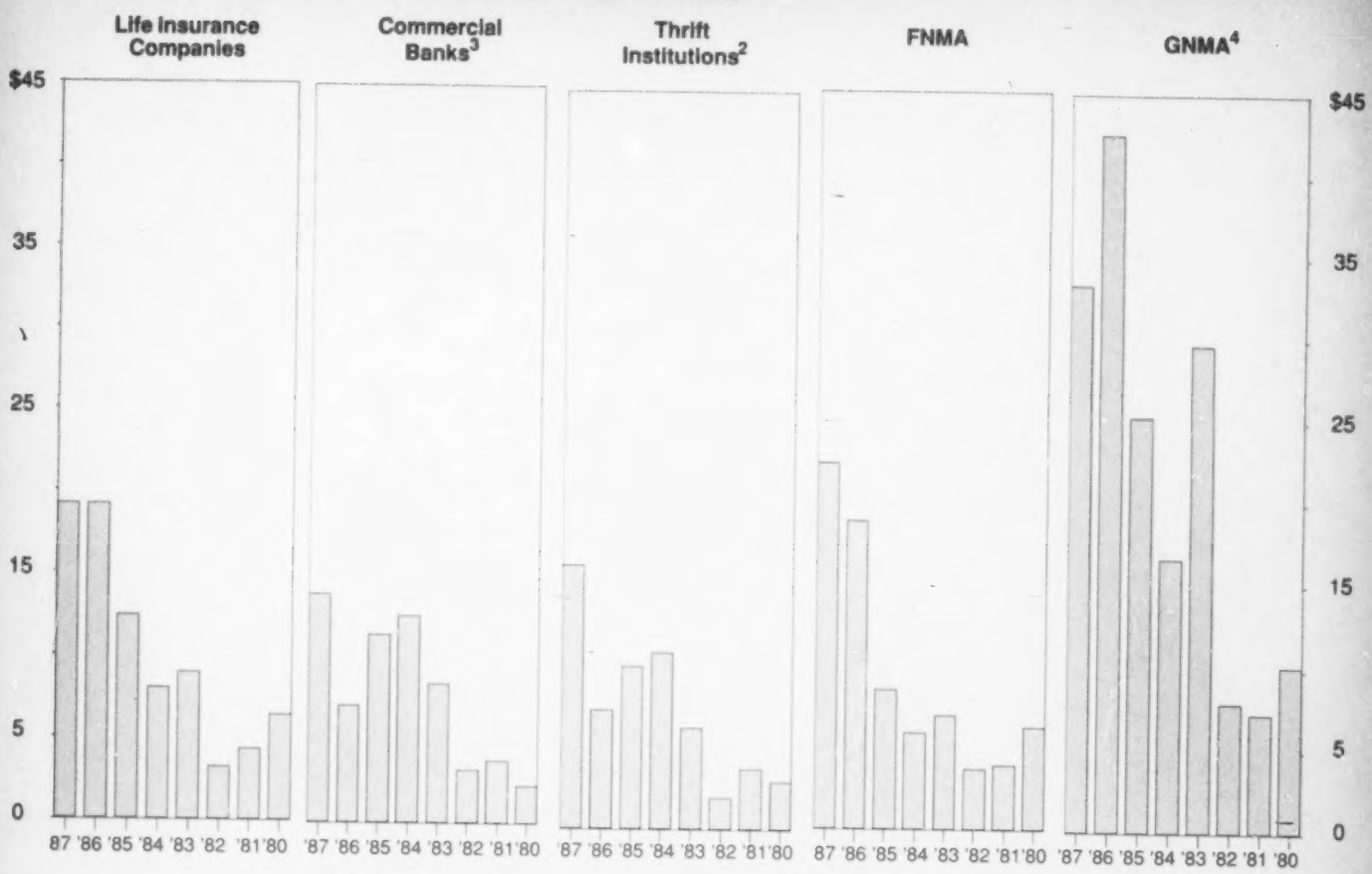
MORTGAGE BANKERS' ORIGINATIONS BY TYPE OF LOAN, 1980-1987

Type of Loan	1987	1986	1985	1984	1983	1982	1981	1980
	(Dollars in Millions)							
Total Residential	**$ 126,624**	**$ 130,133**	**$ 84,404**	**$ 65,525**	**$ 67,416**	**$ 26,006**	**$ 27,561**	**$ 33,332**
1-4 Unit Residential	117,044	121,098	76,500	59,047	61,992	24,418	25,832	30,864
FHA	39,406	47,750	22,904	12,856	22,072	8,471	8,387	11,823
VA	16,776	22,722	12,257	8,498	14,720	5,171	6,189	9,847
Conventional	60,862	50,626	41,339	37,693	25,200	10,776	11,256	9,194
Multiunit	9,580	9,035	7,904	6,478	5,424	1,588	1,729	2,468
FHA	1,317	2,401	1,570	2,431	1,784	642	749	1,278
Conventional	8,263	6,634	6,334	4,047	3,640	946	980	1,190
Nonresidential	14,193	17,312	13,445	8,735	7,117	3,224	5,907	4,799
Total	**$ 140,817**	**$ 147,445**	**$ 97,849**	**$ 74,260**	**$ 74,553**	**$ 29,230**	**$ 33,468**	**$ 38,131**
	(Percentages)							
Total Residential	**89.9%**	**88.2%**	**86.3%**	**88.2%**	**90.5%**	**89.0%**	**82.4%**	**87.4%**
1-4 Unit Residential	83.1	82.1	78.2	79.5	83.2	83.6	77.2	80.9
FHA	28.0	32.4	23.4	17.3	29.6	29.0	25.1	31.0
VA	11.9	15.4	12.5	11.4	19.8	17.7	18.5	25.8
Conventional	43.2	34.3	42.2	50.8	33.8	36.9	33.6	24.1
Multiunit	6.8	6.1	8.1	8.7	7.3	5.4	5.2	6.5
FHA	0.9	1.6	1.6	3.3	2.4	2.2	2.2	3.4
Conventional	5.9	4.5	6.5	5.4	4.9	3.2	3.0	3.1
Nonresidential	10.1	11.7	13.7	11.8	9.5	11.0	17.6	12.6
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

MORTGAGE BANKERS' ORIGINATIONS BY PURCHASING INVESTOR

Chart 6

(Dollars in Millions)



MORTGAGE BANKERS' ORIGINATIONS BY PURCHASING INVESTOR

Table 6

Investor[1]	1987	1986	1985	1984	1983	1982	1981	1980
	(Dollars in Millions)							
Life Insurance Companies	$ 19,181	$ 19,200	$ 12,427	$ 8,028	$ 8,969	$ 3,219	$ 4,319	$ 6,413
Thrift Institutions[2]	16,014	7,218	9,981	10,779	6,158	1,894	3,708	2,903
Commercial Banks[3]	13,876	7,142	11,448	12,591	8,489	3,217	3,820	2,240
FNMA	22,261	18,755	8,513	5,920	6,946	3,685	3,930	6,235
FHLMC	13,955	16,620	3,965	2,543	1,401	245	421	378
GNMA[4]	33,299	42,549	25,245	16,637	29,677	7,897	7,268	10,145
State Finance Agencies	2,708	1,929	3,718	4,046	2,696	703	1,705	1,958
Committed Inventory	4,709	19,364	13,347	7,312	5,933	6,896	6,012	4,872
Uncommitted Inventory	4,165	3,313	4,110	1,431	856	388	196	578
Others	10,649	11,355	5,095	4,973	3,408	1,086	2,089	2,409
Total	**$ 140,817**	**$ 147,445**	**$ 97,849**	**$ 74,260**	**$ 74,533**	**$ 29,230**	**$ 33,468**	**$ 38,131**
	(Percentages)							
Life Insurance Companies	13.6%	13.0%	12.7%	10.8%	12.0%	11.0%	12.9%	16.8%
Thrift Institutions[2]	11.4	4.9	10.2	14.5	8.3	6.5	11.1	7.6
Commercial Banks[3]	9.9	4.8	11.7	17.0	11.4	11.0	11.4	5.9
FNMA	15.8	12.7	8.7	8.0	9.3	12.6	11.7	16.4
FHLMC	9.9	11.3	4.1	3.4	1.9	0.8	1.3	1.0
GNMA[4]	23.6	28.9	25.8	22.4	39.8	27.0	21.7	26.6
State Finance Agencies	1.9	1.3	3.8	5.4	3.6	2.4	5.1	5.1
Committed Inventory	3.3	13.1	13.6	9.8	8.0	23.6	18.0	12.8
Uncommitted Inventory	3.0	2.2	4.2	1.9	1.1	1.3	0.6	1.5
Others	7.7	7.7	5.2	6.7	4.6	3.7	6.2	6.3
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Chart 7

MORTGAGE BANKERS' ORIGINATIONS BY PURCHASING INVESTOR
(Percent Change Per Year)

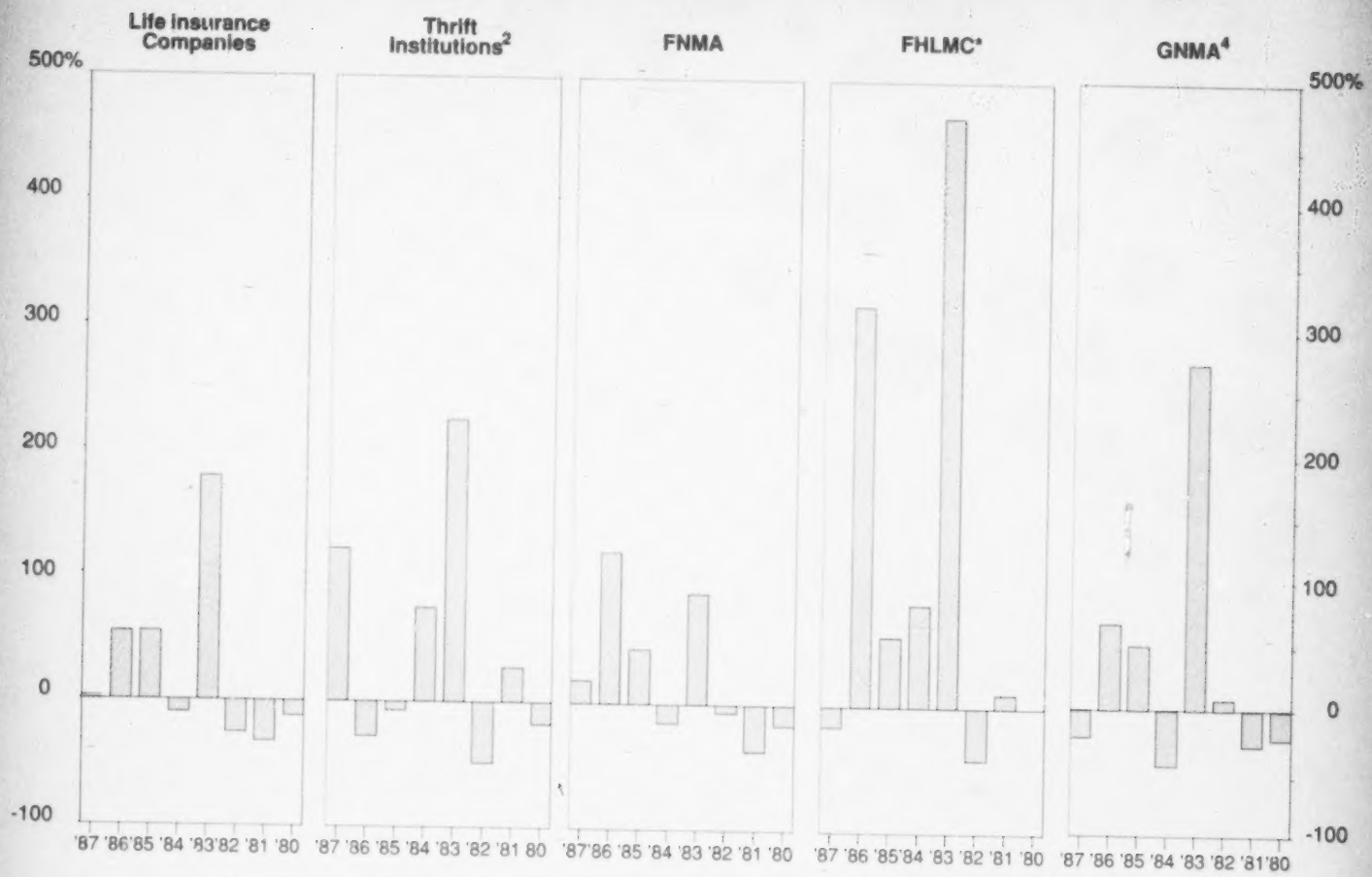


Table 7

MORTGAGE BANKERS' ORIGINATIONS BY PURCHASING INVESTOR
(Percent Change Per Year)

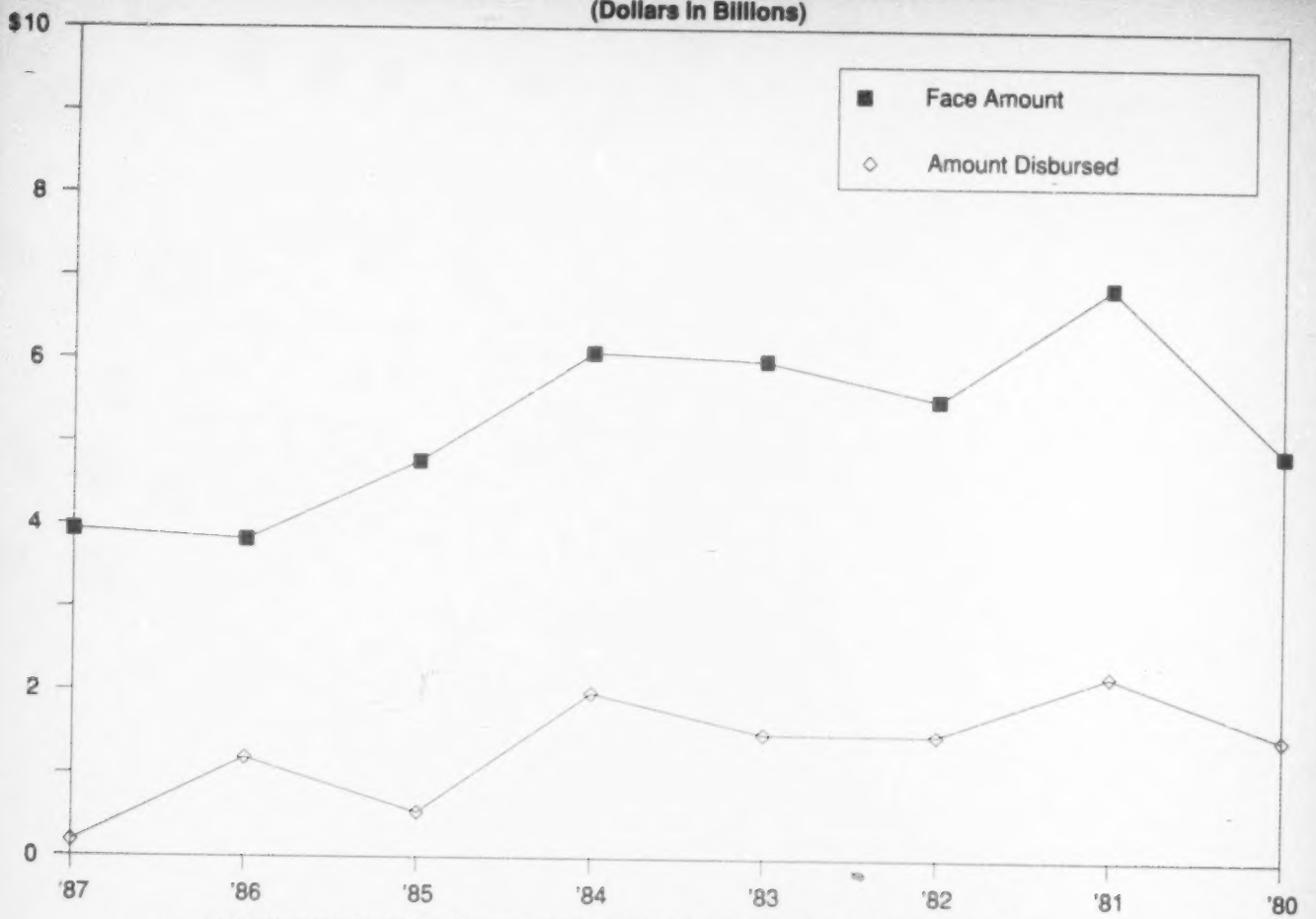
Investor[1]	1987	1986	1985	1984	1983	1982	1981	1980
Life Insurance Companies	(0.1)%	54.5%	54.8%	10.5 %	178.6%	(25.5)%	(32.7)%	(12.2)%
Thrift Institutions[2]	121.9	(27.7)	(7.4)	75.0	225.1	(48.9)	27.7	(17.4)
Commercial Banks[3]	94.3	(37.6)	(9.1)	48.3	163.9	(15.8)	70.5	(21.2)
FNMA	18.7	120.3	43.8	(14.8)	88.5	(6.2)	(37.0)	(16.2)
FHLMC	(16.0)	319.2	55.9	81.5	471.8	(41.8)	11.4	*
GNMA[4]	(21.7)	68.5	51.7	(43.9)	275.8	8.7	(28.4)	(23.1)
State Finance Agencies	40.4	(48.1)	(8.1)	50.1	283.5	(58.8)	(12.9)	38.3
Committed Inventory	(75.7)	45.1	82.5	23.2	(14.0)	14.7	23.4	59.0
Uncommitted Inventory	25.7	(19.4)	187.2	67.2	120.6	98.0	(66.1)	(50.0)
Others	(6.2)	122.9	2.5	45.9	213.8	(48.0)	(13.3)	60.8
Total	**(4.5)%**	**50.7%**	**31.8%**	**(0.4)%**	**155.0%**	**12.7%**	**(12.2)%**	**(7.9)%**

*In 1980 FHLMC activity included in Other category.

MORTGAGE BANKERS' CONSTRUCTION LOANS

Chart 8

(Dollars in Billions)



MORTGAGE BANKERS' ORIGINATIONS OF NON-FIRST MORTGAGE LOANS

Table 8

Type of Loan	1987	1986	1985	1984	1983	1982	1981	1980
	(Dollars in Millions)							
Construction Loans								
Face Amount	$ 3,931	$ 3,814	$ 4,771	$ 6,083	$ 6,000	$ 5,534	$ 6,904	$ 4,904
Amount Disbursed	185	1,189	541	1,984	1,498	1,491	2,220	1,470
Land Development Loans	454	248	226	530	448	133	452	429
Second Mortgage Loans	816	815	999	704	863	585	735	448
Other Non-Mortgage Loans	322	153	1,676	655	1,427	908	1,189	164
Total	**$ 5,523**	**$ 5,029**	**$ 7,672**	**$ 7,972**	**$ 8,738**	**$ 7,160**	**$ 9,280**	**$ 5,945**
	(Percentages)							
Construction Loans								
Face Amount	71.2%	75.8%	62.2%	76.3%	68.7%	77.3%	74.4%	82.5%
Amount Disbursed	3.3	23.6	7.1	24.9	17.1	20.8	23.9	24.7
Land Development Loans	8.2	4.9	2.9	6.7	5.1	1.9	4.9	7.2
Second Mortgage Loans	14.8	16.2	13.0	8.8	9.9	8.2	7.9	7.5
Other Non-Mortgage Loans	5.8	3.0	21.8	8.2	16.3	12.7	12.8	2.8
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Chart 9

MORTGAGE BANKERS' SERVICING BY INVESTOR
(Dollars in Billions)

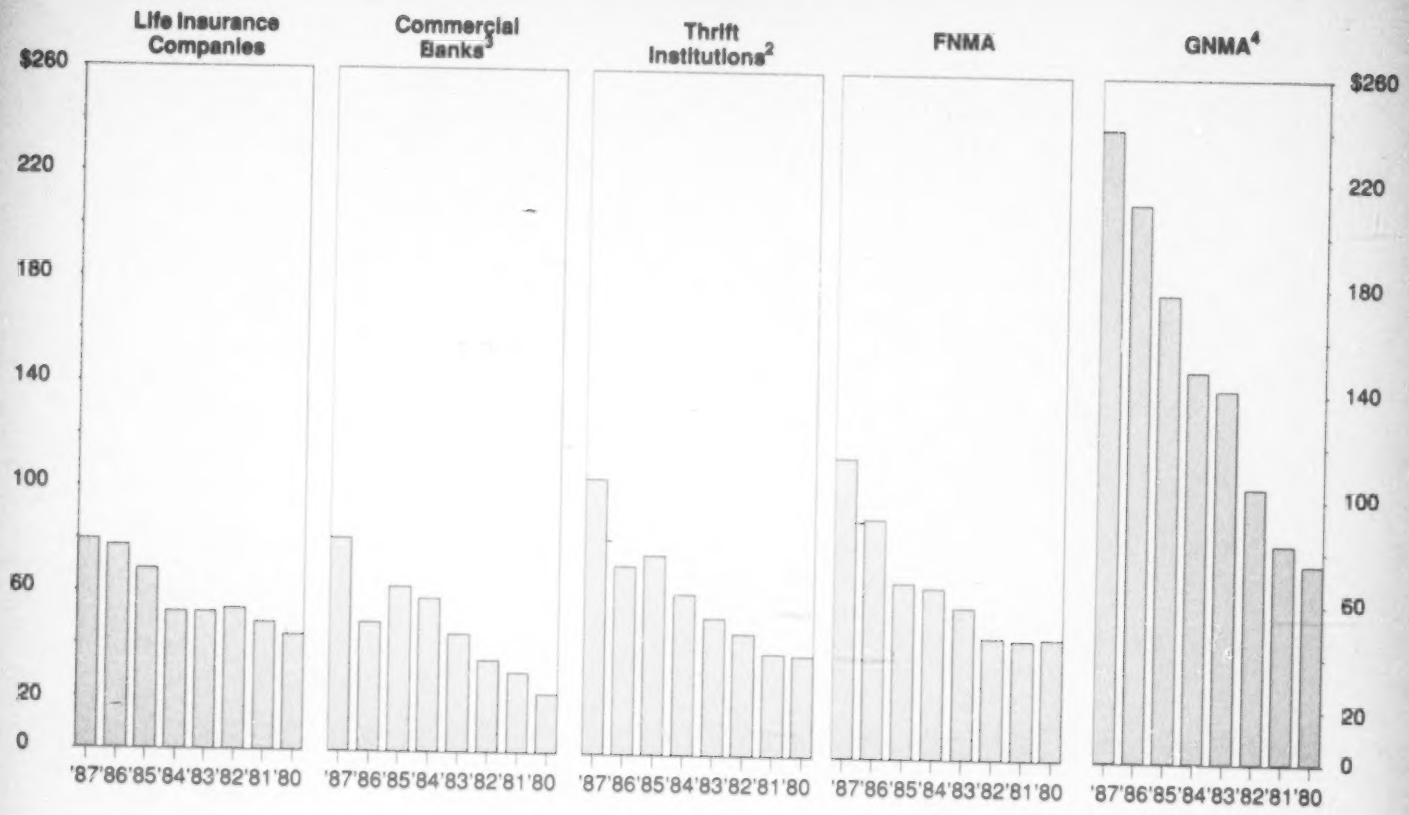


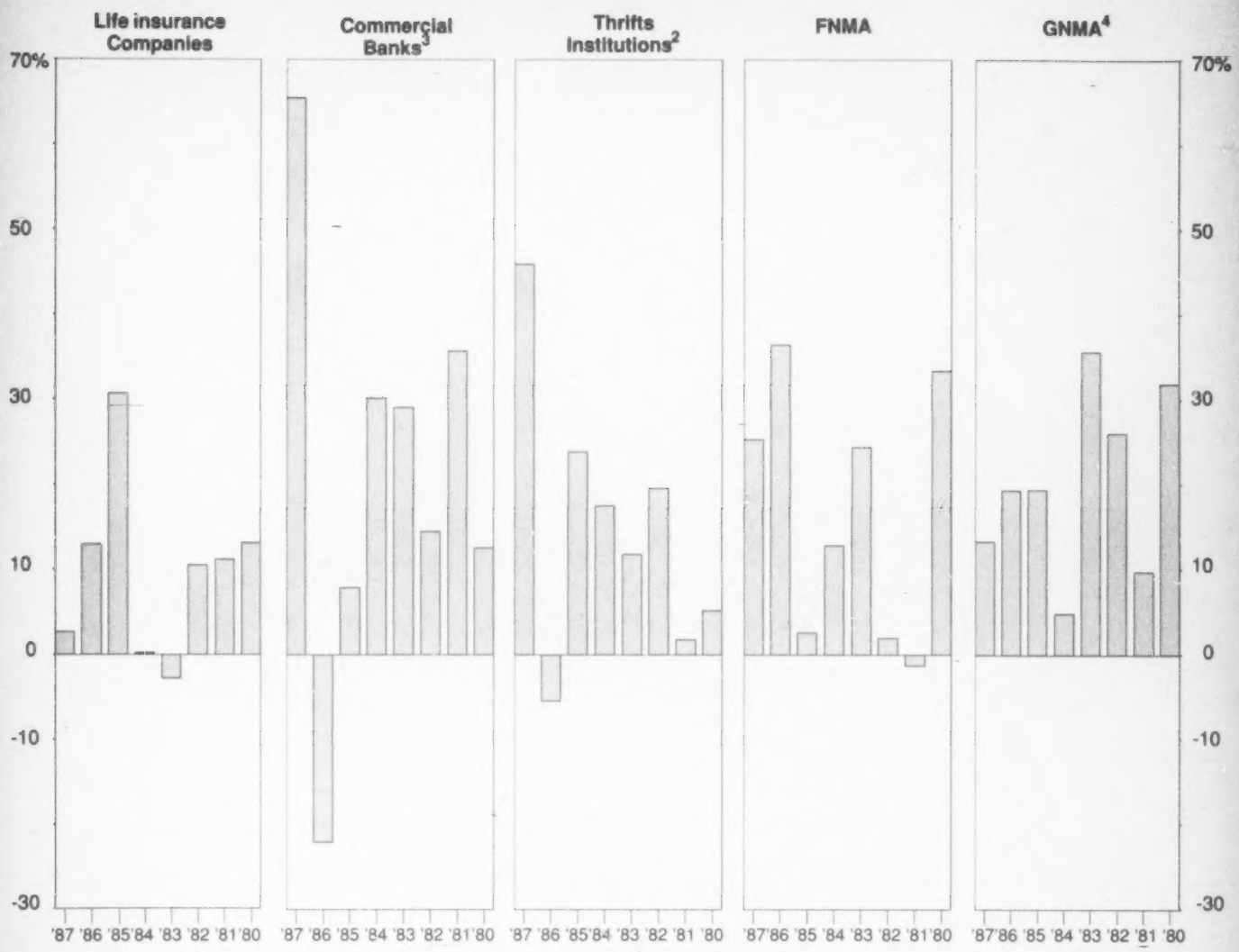
Table 9

MORTGAGE BANKERS' SERVICING BY INVESTOR

Investor	1987	1986	1985	1984	1983	1982	1981	1980
	(Dollars in Billions)							
Life Insurance Companies	$ 79.6	$ 77.5	$ 68.6	$ 52.5	$ 52.4	$ 53.9	$ 48.8	$ 43.9
Mutual Savings Banks	36.7	24.3	21.2	18.8	17.4	18.3	16.2	14.7
Savings & Loans	67.9	47.4	54.6	42.4	34.7	28.3	22.8	23.6
Commercial Banks[3]	81.2	49.1	63.0	58.4	44.9	34.8	30.4	22.4
FNMA	114.0	91.0	66.7	65.0	57.6	46.3	45.4	46.0
GNMA[4]	240.4	212.1	177.8	148.9	142.0	104.7	83.1	75.7
State Finance Agencies	27.3	22.8	22.5	17.7	12.5	10.4	9.0	7.0
Others	115.4	124.4	52.6	42.3	24.6	23.0	14.5	10.2
Inventory, Serviced Own Acct.	18.0	28.7	42.9	17.9	13.0	8.7	4.3	5.8
Total	**$780.5**	**$677.4**	**$570.0**	**$463.9**	**$399.1**	**$328.4**	**$274.5**	**$249.3**
	(Percentages)							
Life Insurance Companies	10.2%	11.4%	12.0%	11.3%	13.1%	16.4%	17.8%	17.6%
Mutual Savings Banks	4.7	3.6	3.7	4.1	4.4	5.6	5.9	5.9
Savings & Loans	8.7	7.0	9.6	9.1	8.7	8.6	8.3	9.5
Commercial Banks[3]	10.4	7.2	11.1	12.6	11.3	10.6	11.1	9.0
FNMA	14.6	13.4	11.7	14.0	14.4	14.1	16.5	18.4
GNMA[4]	30.8	31.3	31.2	32.1	35.6	31.9	30.3	30.4
State Finance Agencies	3.5	3.4	4.0	3.8	3.1	3.2	3.3	2.8
Others	14.8	18.4	9.2	9.1	6.2	7.0	5.3	4.1
Inventory, Serviced Own Acct.	2.3	4.2	7.5	3.9	3.3	2.6	1.6	2.3
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

MORTGAGE BANKERS' SERVICING BY INVESTOR
(Percent Change Per Year)

Chart 10



MORTGAGE BANKERS' SERVICING BY INVESTOR
(Percent Change Per Year)

Table 10

Investor	1987	1986	1985	1984	1983	1982	1981	1980
Life Insurance Companies	2.7%	13.0%	30.7%	0.2%	(2.8)%	10.5%	11.2%	13.1%
Mutual Savings Banks	51.0	14.6	12.8	8.0	(4.9)	13.0	10.2	(3.3)
Savings & Loans	43.2	(13.2)	28.8	22.2	22.6	24.1	(3.4)	11.3
Commercial Banks[3]	65.4	(22.1)	7.9	30.1	29.0	14.5	35.7	12.6
FNMA	25.3	36.4	2.6	12.8	24.4	2.0	(1.3)	33.3
GNMA[4]	13.3	19.3	19.4	4.9	35.6	26.0	9.8	31.9
State Finance Agencies	19.7	1.3	27.1	41.6	20.2	15.6	28.6	84.2
Others	(7.2)	136.5	24.3	72.0	7.0	58.6	42.2	104.0
Inventory, Serviced Own Acct.	(37.3)	(33.1)	139.7	37.7	49.4	102.3	(25.9)	(28.4)
Total	**15.2%**	**18.8%**	**22.9%**	**16.2%**	**21.5 %**	**19.6%**	**10.1%**	**22.3%**

Chart 11 MORTGAGE BANKERS' SERVICING BY PROPERTY AND TYPE OF LOAN
(Dollars in Billions)

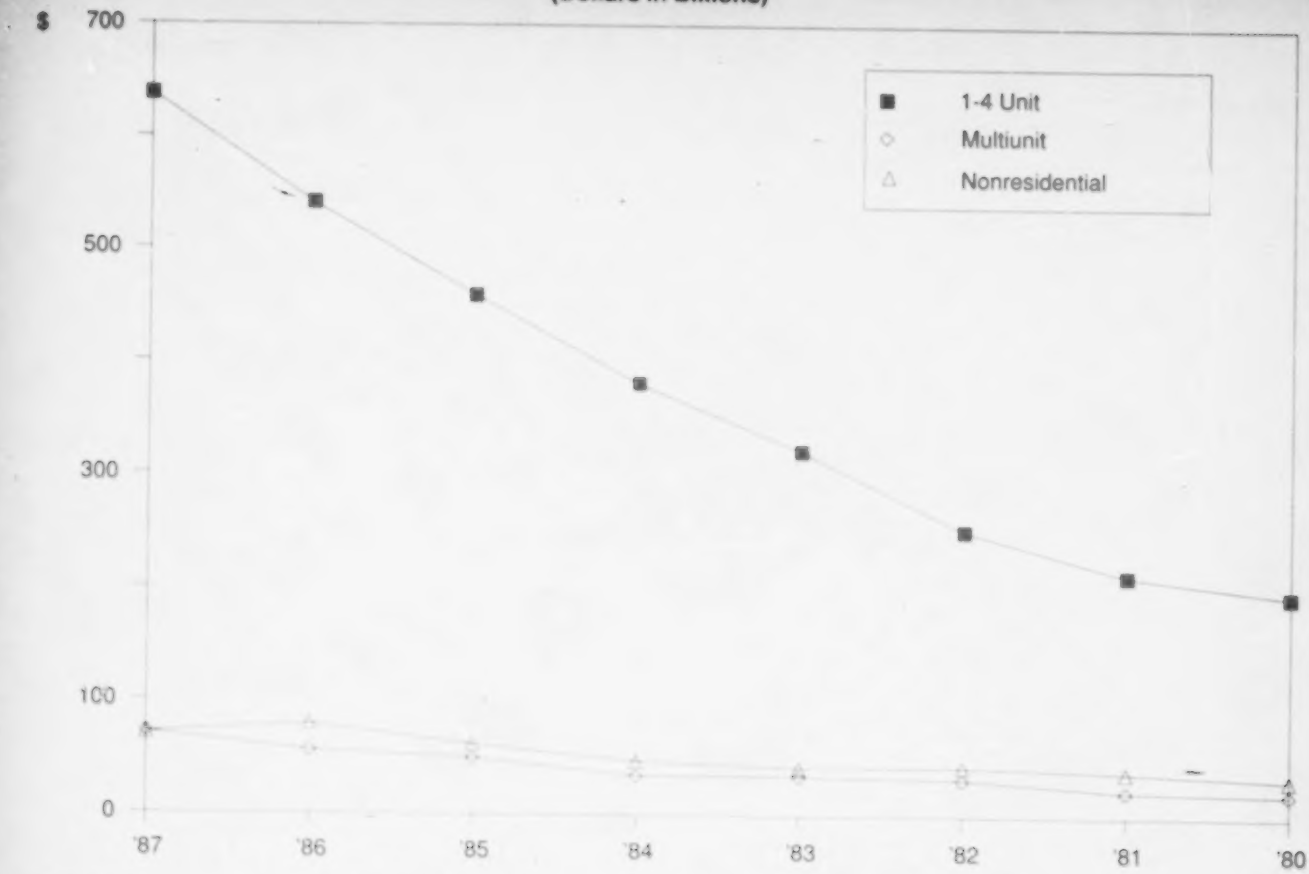
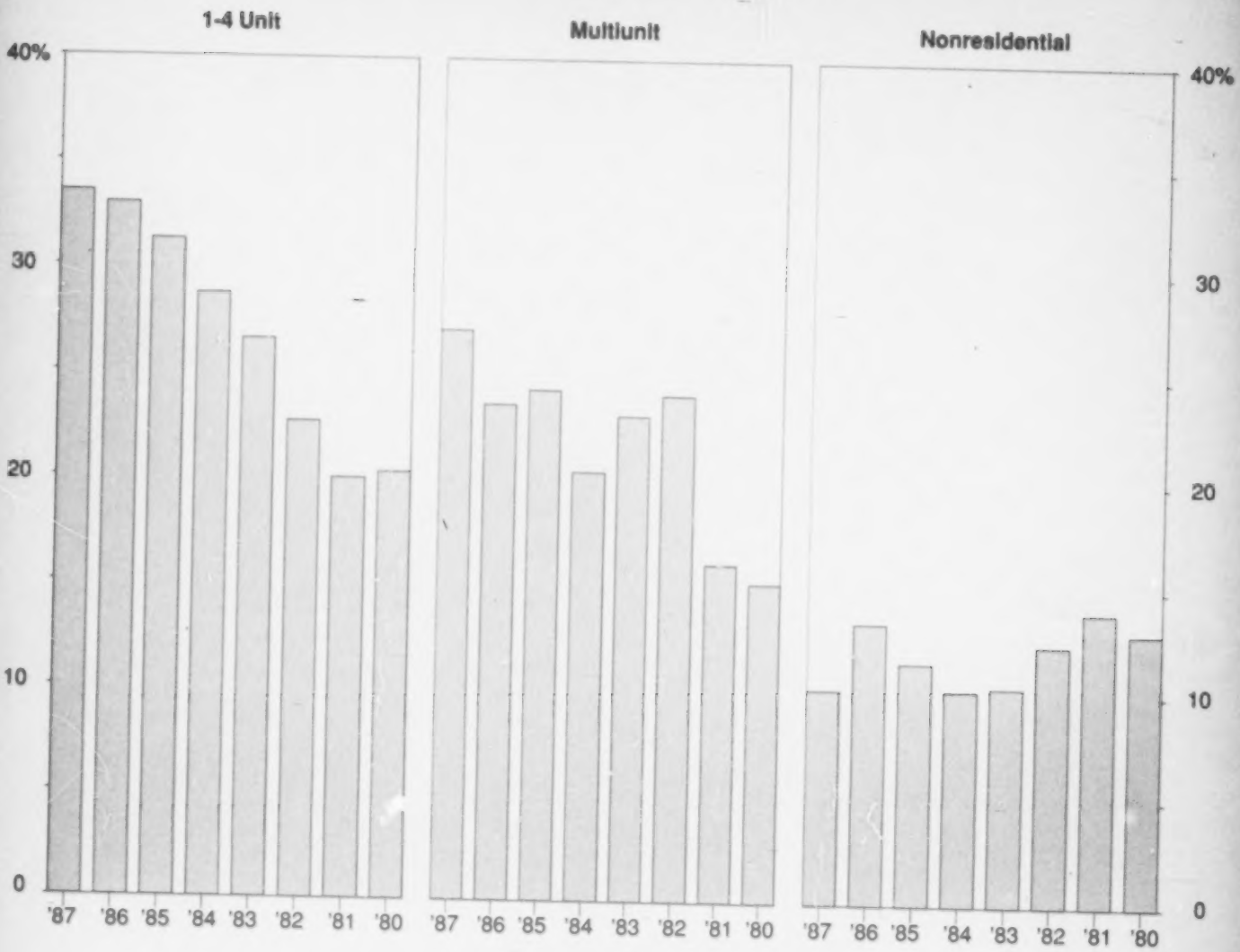


Table 11 MORTGAGE BANKERS' SERVICING BY PROPERTY AND TYPE OF LOAN

Property and Type of Loan	1987	1986	1985	1984	1983	1982	1981	1980
	(Dollars in Billions)							
Total Residential	$709.6	$597.6	$508.0	$415.8	$356.5	$284.3	$235.3	$215.8
1-4 Unit Residential	637.5	541.2	458.8	381.1	321.7	251.5	212.6	195.0
FHA	193.1	170.2	136.5	119.0	112.7	91.0	76.9	68.7
VA	117.2	110.9	108.6	98.2	97.8	80.1	72.5	72.5
Conventional	327.2	260.1	231.6	163.9	111.2	80.4	63.2	53.8
Multiunit	72.1	56.4	49.6	34.7	34.8	32.8	22.7	20.8
FHA	38.6	27.9	17.4	17.1	14.0	14.9	9.5	8.5
Conventional	33.5	28.5	32.2	17.6	20.8	17.9	13.2	12.3
Nonresidential	70.9	79.8	61.6	48.1	42.6	44.1	39.2	33.5
Total	$780.5	$677.4	$570.0	$463.9	$399.1	$328.4	$274.5	$249.3
	(Percentages)							
Total Residential	90.9%	88.2%	89.1%	89.6%	89.3%	86.6%	85.7%	86.6%
1-4 Unit Residential	81.7	79.9	80.5	82.1	80.6	76.6	77.4	78.3
FHA	24.7	25.1	23.9	25.6	28.2	27.7	28.0	27.6
VA	15.0	16.4	19.1	21.2	24.5	24.4	26.4	29.1
Conventional	41.9	38.4	37.5	35.3	27.9	24.5	23.0	21.6
Multiunit	9.2	8.3	8.7	7.5	8.7	10.0	8.3	8.3
FHA	4.9	4.1	3.1	3.7	3.5	4.5	3.5	3.4
Conventional	4.3	4.2	5.6	3.8	5.2	5.5	4.8	4.9
Nonresidential	9.1	11.8	10.8	10.4	10.7	13.4	14.3	13.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SERVICING BY MORTGAGE BANKERS' AS A PERCENT OF MORTGAGE DEBT OUTSTANDING

Chart 12



SERVICING BY MORTGAGE BANKERS' AS A PERCENT OF MORTGAGE DEBT OUTSTANDING

Table 12

Property Type	1987	1986	1985	1984	1983	1982	1981	1980
Total Residential	**32.7%**	**31.8%**	**30.4%**	**27.8%**	**26.2%**	**22.8%**	**23.0%**	**19.7%**
1-4 Unit Residential	33.5	33.0	31.3	28.7	26.6	22.7	20.0	20.3
Multiunit	27.1	23.6	24.3	20.4	23.1	24.1	16.1	15.2
Nonresidential	10.2	13.4	11.5	10.2	10.4	12.4	14.0	13.0
Total	**27.2%**	**27.3%**	**25.8%**	**23.6%**	**22.5%**	**20.5%**	**18.5%**	**17.2%**

MORTGAGE BANKERS' AVERAGE SIZE LOAN ORIGINATED AND SERVICED IN 1987

Table

Page

13 Mortgage Bankers' Average Size Loan Originated in 1987, By Type of Loan, By Origination Volume in Millions of Dollars 30

14 Mortgage Bankers' Average Size Loan Serviced in 1987, By Type of Loan, By Servicing Volume in Millions of Dollars 31

15 Mortgage B[illegible]kers' Average Size Loan Originated in 1987 For Investor By Originat[illegible]olume in Millions of Dollars 32

TABLE 13 **MORTGAGE BANKERS' AVERAGE SIZE LOAN ORIGINATED IN 1987 BY TYPE OF LOAN**
By Origination Volume in Millions of Dollars

Type of Loan	Less Than $50	$50 to $100	$100 to $200	$200 to $400	$400 to $700	$700 to $1,200	$1,200 and Over	Industry Averages
	(In Dollars)							
Total 1-4 Unit Residential	$ 42,319	$ 64,367	$ 69,811	$ 74,461	$ 76,698	$ 89,604	$ 81,676	$ 74,997
FHA	23,580	57,641	62,783	63,614	63,551	63,217	61,401	58,591
VA	59,427	65,250	75,484	73,313	68,437	62,364	73,106	71,005
Conventional	70,843	66,469	76,466	87,372	88,565	103,608	98,836	89,655
All Multiunit	$603,967	$ 459,934	$1,358,570	$2,808,341	$1,413,518	$ 0	$5,527,995	$1,505,643
FHA	0	0	1,852,095	4,364,935	0	0	4,746,761	4,333,280
Conventional	603,967	459,934	1,347,206	2,140,106	1,413,518	0	6,617,864	1,363,772
Total Nonresidential	$ 0	$2,196,756	$2,621,251	$7,442,045	$2,966,664	$1,855,381	$3,549,820	$2,989,326
Nonresidential	0	2,196,756	2,621,251	7,442,045	2,966,664	2,052,693	3,549,820	3,027,577
Farm and Ranch	0	0	0	0	0	39,000	0	39,000
All First Mortgage Loans	$ 42,460	$ 107,020	$ 81,091	$ 92,122	$ 100,368	$ 94,496	$ 85,584	$ 88,204
Construction	0	0	322,384	74,398	77,908	0	67,692	90,456
Land Development	0	0	0	87,238	28,785	0	508,605	71,114
Second Mortgages	0	0	253,671	17,533	0	0	0	249,341
Mobile Home Loans	0	0	0	0	0	19,355	0	19,355
All Other Loans	0	0	9,415	155,549	117,529	0	0	98,197
All Loans	$ 42,460	$ 107,020	$ 83,503	$ 90,662	$ 101,680	$ 91,570	$ 85,336	$ 88,401
Number of Firms	344	144	136	107	48	26	18	823

MORTGAGE BANKERS' AVERAGE SIZE LOAN SERVICED IN 1987 BY TYPE OF LOAN

Table 14

By Servicing Volume in Millions of Dollars

Type of Loan	Less Than $25	$25 to $100	$100 to $250	$250 to $500	$500 to $1,000	$1,000 to $2,000	$2,000 to $5,000	$5,000 and Over	Industry Averages
	(In Dollars)								
Total 1-4 Residential	$ 71,172	$48,565	$ 50,229	$ 53,310	$ 45,196	$ 47,988	$ 43,227	$ 45,335	$ 45,602
FHA	36,032	28,106	38,117	46,803	35,603	44,223	39,511	37,317	38,730
VA	42,246	42,684	34,336	41,018	35,534	41,028	34,871	37,739	37,403
Conventional	77,719	61,141	58,674	79,639	53,735	55,358	50,632	63,299	57,478
All Multiunit	$169,793	$ 0	$599,986	$1,042,093	$ 867,936	$1,304,887	$ 121,983	$1,809,294	$396,899
FHA	0	0	0	2,757,479	3,711,320	4,558,012	106,958	1,971,686	282,550
Conventional	169,793	0	599,986	974,932	433,863	942,988	235,628	1,651,548	743,976
Total Nonresidential	$ 0	$ 0	$260,935	$ 364,682	$ 120,230	$4,412,411	$1,424,954	$1,879,640	$928,588
Nonresidential	0	0	262,622	364,682	120,230	4,441,670	1,608,510	1,879,640	964,901
Farm and Ranch	0	0	179,733	0	0	32,880	155,581	0	159,832
All First Mortgages	$ 72,607	$48,565	$ 79,676	$ 58,343	$ 47,893	$ 66,845	$ 54,150	$ 52,438	$ 54,821
Construction	0	0	0	5,164,727	93,056	244,951	783,350	119,377	309,972
Land Development	0	0	284,111	0	59,940	57,273	2,243,277	351,682	373,842
Second Mortgages	0	0	0	5,668	123,637	42,139	23,642	11,650	13,338
Mobile Home	0	0	0	0	0	0	16,745	0	16,745
All Other	0	0	0	324	0	6,452	10,347	0	6,992
All Loans	$ 72,607	$48,565	$ 79,681	$ 44,917	$ 48,069	$ 66,332	$ 54,383	$ 52,530	$ 54,207
Number Of Firms	170	140	150	113	92	70	57	31	823

Table 15 **MORTGAGE BANKERS' AVERAGE SIZE LOAN ORIGINATED IN 1987 FOR INVESTOR**
By Origination Volume in Millions of Dollars

Investor[1]	Less Than $50	$50 to $100	$100 to $200	$200 to $400	$400 to $700	$700 to $1,200	$1,200 and Over	Industry Averages
	(In Dollars)							
Life Insurance Companies	$201,644	$3,442,309	$4,158,121	$1,551,668	$1,359,918	$1,102,263	$789,870	$1,577,465
Mutual Savings Banks	0	48,014	71,875	1,315,674	19,510	0	127,986	85,687
Savings & Loans	16,175	81,364	116,590	97,908	99,862	82,579	80,712	81,048
Commercial Banks[3]	451,671	115,340	36,440	203,293	182,112	63,803	62,817	115,558
FNMA	89,897	76,103	80,787	79,849	87,001	88,074	83,008	83,869
GNMA[4]	0	71,328	56,358	69,824	74,229	64,761	63,980	66,396
State Finance Agencies	57,155	74,343	53,463	71,065	85,848	113,831	80,557	72,796
Other	83,689	69,077	90,181	82,455	80,017	91,251	109,614	88,185
Serviced Own Account	28,085	46,459	72,989	175,075	100,653	103,140	98,562	95,565
All Investors	$ 95,794	$ 101,706	$ 78,481	$ 102,605	$ 99,872	$ 87,802	$ 85,584	$ 86,554

LOANS CLOSED AND LOANS SERVICED

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SHARE OF MORTGAGE BANKERS' ORIGINATIONS BY TYPE OF LOAN, 1987
By Size of Servicing Portfolio

Table 16

Property and Type of Loan	All Sizes	Under $25	$ 25 to $100	$100 to $250	$250 to $500	$ 500 to $1,000	$1,000 to $2,000	$2,000 to $5,000	$5,000 and Over
	(Dollars in Millions)								
1-4 Unit Residential	87.1%	99.6%	100.0%	83.2%	99.7%	92.0%	84.7%	74.4%	89.7%
FHA	27.6	30.4	50.9	38.3	41.5	20.3	26.2	18.5	25.6
VA	11.6	18.2	16.4	24.3	11.9	8.7	7.4	9.2	11.2
Conventional	47.9	51.0	32.6	19.7	46.4	63.0	51.1	46.7	52.9
Multiunit	5.3	0.4	0.0	4.4	0.0	7.6	3.5	8.2	7.2
FHA	1.4	0.0	0.0	0.0	0.0	4.7	0.0	0.0	3.7
Conventional	3.9	0.4	0.0	4.4	0.0	2.9	3.5	8.2	3.5
Nonresidential	7.6	0.0	0.0	13.3	0.3	0.3	11.8	17.4	3.1
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

SHARE OF MORTGAGE BANKERS' ORIGINATIONS BY TYPE OF LOAN, 1981-1987

Table 17

Property and Type of Loan	1987	1986	1985	1984	1983	1982	1981
1-4 Unit Residential	87.1%	82.1%	78.2%	79.5%	83.2%	83.5%	77.2%
FHA	27.6	32.4	23.4	17.3	29.6	29.0	25.1
VA	11.6	15.4	12.5	11.4	19.8	17.7	18.5
Conventional	47.9	34.3	42.2	50.8	33.8	36.9	33.6
Multiunit	5.3	6.1	8.1	8.7	7.3	5.4	5.2
FHA	1.4	1.6	1.6	3.3	2.4	2.2	2.2
Conventional	3.9	4.5	6.5	5.5	4.9	3.2	3.0
Nonresidential	7.6	11.7	13.7	11.8	9.5	11.0	17.6
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

PERCENT OF MORTGAGE LOANS ORIGINATED, 1987
By Type of Purchasing Investor and by Size of Mortgage Bankers' Servicing Portfolio

Table 18

Investor[1]	All Sizes	Under $25	$ 25 to $100	$100 to $250	$250 to $500	$500 to $1,000	$1,000 to $2,000	$2,000 to $5,000	$5,000 and Over
	(Dollars in Millions)								
Life Insurance Companies	9.2%	0.0%	0.0%	19.9%	31.1%	1.0%	12.0%	8.9%	10.8%
Mutual Savings Banks	1.7	0.0	0.0	1.7	0.6	0.5	3.7	0.0	4.2
Savings & Loans	8.2	5.5	0.0	2.3	10.4	3.0	25.8	19.2	0.1
Commercial Banks[3]	7.9	8.9	0.0	3.0	0.2	1.4	0.8	14.8	24.2
FNMA	14.0	21.6	57.5	6.1	13.6	3.4	12.7	10.7	21.7
GNMA[4]	39.1	9.1	21.7	13.9	15.6	79.1	31.4	24.0	20.8
Others	15.5	39.8	20.2	50.1	19.0	8.6	8.8	12.5	17.4
Inventory, Serviced Own Acct.	4.4	15.1	0.6	3.1	9.6	3.0	4.8	10.0	0.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

PERCENT OF MORTGAGE LOANS ORIGINATED, 1982-1987
By Type of Purchasing Investor

Table 19

Investor[1]	1987	1986	1985	1984	1983	1982
Life Insurance Companies	9.2%	13.0%	12.7%	10.8%	12.0%	11.0%
Mutual Savings Banks	1.7	0.5	2.1	3.0	1.5	0.5
Savings & Loans	8.2	4.4	8.1	11.5	6.7	6.0
Commercial Banks[3]	7.9	4.8	11.7	17.0	11.4	11.0
FNMA	14.0	12.7	8.7	8.0	9.3	12.6
GNMA[4]	39.1	28.8	25.8	22.4	39.8	27.1
Others	15.5	33.4	26.7	25.4	18.2	30.5
Uncommitted Inventory	4.4	2.2	4.2	1.9	1.1	1.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

MORTGAGE BANKERS' ACTIVITY, AVERAGE FIRM

Table 20

	1987	1986	1985	1984	1983	1982	1981
LOANS ORIGINATED	(Dollars in millions)						
Total First Mortgage Loans	$171.1	$179.2	$129.4	$ 96.8	$107.2	$ 40.1	$ 44.1
Total 1-4 Unit Residential	142.2	147.1	101.2	77.0	89.2	33.5	34.0
FHA	47.9	58.0	30.3	16.8	31.8	11.6	11.0
VA	20.4	27.6	16.2	11.1	21.2	7.1	8.2
Conventional	74.0	61.5	54.7	49.1	36.2	14.8	14.8
Multiunit	11.6	11.0	10.5	8.4	7.8	2.2	2.3
Nonresidential	17.2	21.0	17.8	11.4	10.2	4.4	7.8
Non-First Mortgage Loans	$ 6.7	$ 6.1	$ 10.1	$ 10.4	$ 12.6	$ 9.8	$ 12.2
Construction Loans, Face Amount	4.8	4.6	6.3	7.9	8.6	7.6	9.1
1-4 Unit	3.2	2.4	2.3	3.4	2.9	1.4	3.0
Other	1.6	2.2	4.0	4.5	5.7	6.2	6.1
Memo: Amount Disbursed	0.2	1.4	0.7	2.6	2.2	2.0	2.9
Land Development Loans	0.6	0.3	0.3	0.7	0.6	0.2	0.6
Second Mortgage Loans	1.0	1.0	1.3	0.9	1.2	0.8	1.0
All Other Non-First Mortgage Loans	0.4	0.1	2.2	0.8	2.1	1.2	1.2
TOTAL LOANS ORIGINATED	$177.8	$185.3	$139.6	$107.2	$119.8	$ 49.9	$ 56.3
FIRST MORTGAGES SERVICED							
Total 1-4 Unit Residential	$774.6	$657.8	$606.8	$496.9	$462.8	$344.5	$280.1
FHA	234.7	206.8	180.6	155.2	162.2	124.7	101.3
VA	142.4	134.8	143.7	128.0	140.5	109.7	95.5
Conventional	397.5	316.1	282.6	213.7	160.1	110.1	83.3
Multiunit	87.7	68.5	65.6	45.2	50.1	45.0	30.0
FHA	46.9	33.9	23.0	22.3	20.1	20.5	12.5
Conventional	40.7	34.7	42.6	22.9	30.0	24.5	17.5
Nonresidential	86.1	97.0	81.5	62.7	61.5	60.4	51.7
Type of Investor							
Life Insurance Companies	$194.0	$ 94.2	$ 90.7	$ 68.5	$ 75.4	$ 73.8	$ 64.2
Mutual Savings Banks	64.6	29.6	28.1	24.5	25.0	25.0	21.3
Savings & Loans	90.1	57.6	72.2	55.3	50.0	38.8	30.0
Commercial Banks[3]	118.5	59.7	83.3	76.2	64.6	47.6	40.0
FNMA	0.2	110.7	88.3	84.7	82.9	63.5	59.8
GNMA[4]	83.6	257.7	235.2	194.1	204.3	143.4	109.7
State Agencies	33.3	27.7	29.8	23.1	18.0	14.2	11.9
Others	338.3	151.2	69.6	55.1	35.4	31.6	19.0
Serviced Own Account	21.5	34.9	56.8	23.4	18.7	11.9	5.7
With Investor Commitment	15.2	25.4	21.5	17.5	14.5	9.9	4.6
Without Investor Commitment	6.3	9.5	35.3	5.9	4.2	2.0	1.1
TOTAL FIRST MORTGAGES SERVICED	$948.4	$823.1	$753.9	$604.9	$574.3	$449.9	$361.5
NON-FIRST MORTGAGES SERVICED							
Construction Loans	$ 6.6	$ 5.7	$ 9.5	$ 10.6	$ 14.7	$ 8.3	$ 8.9
Land Development Loans	0.8	0.6	0.8	0.8	1.3	0.8	1.2
Second Mortgages	2.2	5.5	5.3	2.4	2.6	2.5	1.0
Mobile Home Loans	0.3	0.2	0.0	12.9	13.4	0.2	3.6
All Other Loans	0.3	0.3	13.3	0.3	1.1	6.8	2.2
Number of Firms	823	823	756	767	695	730	758

NOTES AND FOOTNOTES

Volume of Loans Closed applies to the calendar year ending December 31,1987. Due to rounding, parts may not add to totals.

1. Loans closed for each purchasing investor includes both deliveries to those investors and mortgages held in inventory with purchase commitments from that investor. The category "Committed Inventory" means loans held in inventory with a purchase commitment from an investor whose type was not specified in the survey response.

2. Includes Savings & Loan Associations and Mutual Savings Banks.

3. Includes Trusteed Funds.

4. Includes GNMA Mortgage Pools and GNMA